

Clerk's File Log

1 BALLY MANUFACTURING CORPORATION,
2 a Delaware corporation,
3 Plaintiff/Counterdefendant,
4 vs.
5 D. GOTTLIEB & CO., a corporation,
6 WILLIAMS ELECTRONICS, INC., a
7 corporation, and ROCKWELL INTERNATIONAL
8 CORPORATION,
9 Defendants/Counterplaintiffs.

) Docket No.
) 78 C 2246
)
)
) Chicago, Illinois
) March 28, 1984
) 10:10 a.m.
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)
) OCT 30 1984
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R. S. Court, Inc. 1984
United States District Court

VOLUME XX-A
TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE JOHN F. GRADY,

TRANSCRIPT ORDERED BY: MR. JEROLD B. SCHNAYER
MR. MELVIN M. GOLDENBERG

APPEARANCES:

For the Plaintiff/
Counterdefendant:

MR. KATZ
MR. SCHNAYER
MR. TONE
MS. SIGEL

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For the Defendants/
Counterplaintiffs:

MR. LYNCH
MR. HARDING
MR. GOLDENBERG
MR. ELLIOTT
MR. GOTTLIEB
MR. RIFKIN

Court Reporter:

LAURA M. BRENNAN
219 South Dearborn Street, Room 1918
Chicago, Illinois 60604

THE CLERK: 78 C 2246, Bally Manufacturing v. D.

Gottlieb, case on trial.

THE COURT: Good morning.

MR. GOLDENBERG: Good morning, Judge.

IRVING KAYTON, PLAINTIFF'S WITNESS, PREVIOUSLY AFFIRMED
CROSS EXAMINATION

BY MR. GOLDENBERG:

Q Professor Kayton, has it always been your view that the Patent Office was capable of handling reissue protest proceedings having the issues such as exist in this case and existed in the proceedings that were actually conducted?

A I'm sorry. Would you repeat that question.

Q I'm sorry if I've made it too complicated.

Have you always been of the view that the Patent Office had the capability to handle reissue protest proceedings having the issues that the past proceedings have had and having the kinds of issues that have arisen in this lawsuit?

A Yes, they have always had the capability, but with the caveat that I've indicated many times: Namely, that protested reissues under the rules, the amendments were not intended to deal with things other than patents and printed publications,

Q And in fact that's what they did do.

Q And do I have your earlier testimony correctly that the steps taken by Bally in the reissue protest proceedings have

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1 always been in agreement with your positions or positions you
2 would be taking in this matter?

3 A I have accepted as proper what they did in terms of the
4 handling of the reissue proceeding and its prosecution.

5 Q Therefore, I would take it you took it as proper when

6 Bally brought a lawsuit against the Patent Office to prevent
7 the Patent Office from dealing with a number of issues that
8 ultimately had to be dealt with by the Patent Office. Is that

9 correct?

10 A Well, that's not what Bally did, but there was a law-
11 suit and I testified in that lawsuit.

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1 Q And you filed an affidavit on behalf of Bally in connec-
2 tion with that lawsuit, did you not?
3 A I have no recollection, but probably I did.

4 Q And that lawsuit was a lawsuit seeking to enjoin the
5 Commissioner of Patents from considering a number of the is-
6 sues that were subsequently considered, were they not?

7 A It was relief in the alternative, enjoined until it was
8 made either a contested proceeding or rules established under
9 the Federal Rules to be used by the examiner, that was Bally
10 v. Parker in the Northern District of Virginia, if I recol-
11 lect.

12 Q And was it not urged by Bally in that lawsuit that
13 patent examiners did not have the legal skills required to
14 assess and weigh evidence which the protesters wanted them
15 to consider?

16 A No, the position was that some did not, but some of them
17 were lawyers.

18 Q Now, Mr. Hum was not a lawyer?

19 A Correct, he was not.

20 Q So he was included in the some who did not have the
21 requisite legal skills to accurately assess evidence, isn't
22 that correct?

23 A I can't speak for him specifically, but the generic
24 proposition was that those who were not lawyers on the prob-
25 ability basis did not.

1 Q Now, I believe in response to a question from Mr. Katz,
2 you testified that upon reading Mr. Hum's deposition, you
3 believe him to have technical skills above the ordinary, is
4 that correct?

5 A On paper.

6 Q On paper.

7 Now, in spite of having those technical skills
8 on paper, isn't it true that neither in connection with the
9 prosecution of the original patent or in connection with the
10 re-issue protest proceedings, that there were a number of
11 technical errors in the Bally patent application, the result-
12 ing Bally patent and indeed in the computer program that Mr.
13 Hum never detected or commented about?

14 A No, not that I know of. But I would not be competent
15 to determine that in any event.

16 Q Well, you said that you have attended those proceedings
17 and read the testimony of a number of witnesses who have tes-
18 tified in these proceedings, including Dr. Schoeffler and
19 Mr. Frederiksen; is that correct?

20 A Correct.

21 Q Do you have in mind, sir, that both of those gentlemen
22 have agreed that the computer program listing 436 filed in
23 the Patent Office in connection with the original application
24 and the re-issue application is inoperative?

25 A No, not to a person of ordinary skill in the art. And

that is why there would be no necessary cognizance taken by Examiner Hum if that were the case. But he might have.

Examiner Hum if that were the case. But he might have.

Q Their testimony is, or take it as given, sir, that their testimony is that within the four corners of the document itself, without correction by the ordinary man skilled in the art, it is inoperative.

A I take that as given.

Q All right, sir. Is there any indication in the file of the original patent or the reissue protest proceedings that the examiner ever detected or commented upon that?

A I know of none.

Do you have a copy of the patent available to you?

Q. Do you have a copy of the patent available to you?
A. Yes, I do.

The reissue?

Q. Yes, sir.

A. Yes.

Would you turn to Figure 5.

A. Yes.

Q. And I direct your attention to the bottom of the drawing where the switch matrix is shown and a certain number of diodes, 98, are shown.

A. When you say the switch matrix, are you referring to those three columns of switches under the diodes 98?

Q. Yes, sir, I am. And as the general reference numeral, 97.

A. Yes, I see it.

Q. Now, I believe in response to a question from Mr. Katz you said it was a common practice to not show every element where there are a string or a series of identical elements. Is that correct?

A. Yes, I think I said iterations.

Q. Iterations.

Now, what reason do you have to believe that the diodes 98 are such an iteration insofar as each switch in a column is concerned?

And here, of course, is one of the diodes 98;

1 here is a column of switches.

2 A Um-hmm.

3 Q What reason do you have to believe that it was intended
4 by this drawing to indicate that there was a similar diode
5 associated with each switch in that column?

6 A I don't know that other than Dr. Schoeffler's testimony.

7 I was making reference to the broken lines, and if --

8 Q What broken lines, sir, were you making reference to?

9 (Indicating.)

10 A Right, yes.

11 Q These broken lines?

12 A Yes.

13 Q Well, there are no broken lines showing or suggesting
14 to me that a diode is intended in each one of the switches in
15 the first column of the matrix 97.

16 A Yes, but Dr. Schoeffler testified that when he read the
17 words in connection with the drawing, that's what he saw. And
18 I have no basis for knowing otherwise.

19 Q Do you recall what words -- I'm sorry, forgive me.

20 A I'm not technologically competent to judge whether that's
21 the case or not.

22 But the combination of the, as I recollect
23 his testimony, of the verbal description and the drawings did
24 that. And, as I did testify yesterday, the entire disclosure
25 is a function of the combination of the drawings and the

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verbal description.

If he is incorrect, then it's incorrect. If
he is correct, then it's correct.

Q Well, what words of Dr. Schoeffler did you rely on to
come to the view that you have?

A Well, I'll find a few over night, if you like.

Q You don't have them in mind now?

A I recollect he said that the combination of the verbal
description in connection with the reference numeral 98 and
the drawings gave him certain understandings as to where
diodes may or may not be.

Whether he said that they were in columns or
in rows or even three-dimensionally, I have no idea, but that
was his discussion, combination.

Whether he was right or wrong, I have no idea.

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1 Q I understand, sir, that you disclaim technical knowledge
2 in this particular field; but you have, I think you testified,
3 prepared over 200 patent applications over the years.

4 And would I be correct in thinking that most
5 of them were in the electrical, electronic art?

6 A No, but --

7 Q A fair number?

8 A A significant number have been.

9 Q A significant number.

10 And you worked at Bell Labs, did you not?

11 A Yes, thirty years ago.

12 Q And would it be that you don't feel competent to look at
13 this drawing and read the text of the patent on the basis of
14 the technical knowledge that you do have, and come to a view
15 about the matter yourself?

16 A That's precisely correct, I do not feel competent to do
17 that.

18 Q Now, assuming Dr. Schoeffler's testimony as you under-
19 stand it is proven to be wrong: wouldn't it be that here is
20 another technical error in the patent that the examiner did
21 not detect at any time in the history of the prosecution of
22 the original patent or the re-issue patent?

23 A If that is in error and he didn't detect it, he didn't
24 detect it.

25 But the fact that he can talk about it doesn't

mean that he didn't detect it, and the fact that he didn't talk about it probably means that he understood it the way Dr. Schoeffler testified.

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1 Q You don't know that, sir, do you?

2 A No, I don't know that at all. I don't know anything
3 that was in the mind of the examiner other than as set forth
4 in the papers.

5 Q So it is an equal possibility that it is a technical
6 error that the examiner never detected, is it not?

7 A I have no idea one way or the other what the probabili-
8 ties are. There may be 90/10 one way or something else, I
9 have no idea. I'd have to speculate and I have no basis even
10 to speculate.

11 Q Now, there is also testimony in this case that missing
12 from the drawing altogether is another transistor -- I'm
13 sorry -- is a transistor shown in the area of this decoder 61,
14 it just doesn't appear.

15 Now, assume, sir, that my characterization of
16 the testimony is correct. And assume also, and I think you
17 can verify this yourself if you choose to do it, that the
18 specification references such a transistor.
19

20 Isn't this another error that the examiner
21 failed to detect during the prosecution?

22 A That would be the opposite of an error. If in fact he
23 disclosed it in the written description, it is disclosed.

24 Q But it doesn't appear in the drawing, though, does it?
25 A No, but that is not an error. It is not an error to
disclose something so that a person of ordinary skill in the

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1 art can understand it. There is no obligation that the whole
2 thing be disclosed in the drawings or the whole thing be
3 disclosed in the specification. The requirement is that the
4 combination of the drawings, the specification and the claims
5 as originally filed teach a person of ordinary skill in the
6 art how to practice the invention.

7 Q If the specification, however, referred to the drawing
8 and said the transistor is shown in the drawing, but in fact
9 the transistor is not, would that not be an error?

10 A Not in terms of whether it is an enabling disclosure.
11 It would clearly be a ministerial error.

12 Q I wasn't attempting to characterize the magnitude of
13 the error, sir; I was simply attempting to have your agree-
14 ment, which I think I now have, that that would be an error.

15 A No, you don't have my agreement. If a person of
16 ordinary skill in the art would understand how to make it,
17 it is not an error. It is not a substantive error. If you
18 want to characterize that as an error, I cannot accept it on
19 a substantive basis.

20 Q Doesn't the examiner --

21 THE COURT: What if the entire drawing was so
22 inaccurate that it bore no relationship to the written text?

23 THE WITNESS: Yes.

24 THE COURT: Everything was missing.

25 THE WITNESS: Yes, your Honor.

Kayton - cross

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1 THE COURT: Or what was there was alien to what
2 was in the text. Would that be an error?

3 THE WITNESS: No, if the verbal description were
4 complete. And, your Honor, yesterday I pointed out --

5 THE COURT: What is the purpose for having the
6 drawing in the patent?

7 THE WITNESS: To help understand the invention.

8 THE COURT: And if it doesn't help, that's not an
9 error?

10 THE WITNESS: Not from a substantive point of view.
11 If a person is enabled by the entire combination, now, because
12 it was all fouled up, a person of ordinary skill in the art
13 couldn't understand how to make and practice the invention,
14 that would be an error.

15 THE COURT: What if the drawing were correct but
16 the text were all fouled up?

17 THE WITNESS: The same thing. It would be perfectly
18 okay if the fact that the drawing was right would be under-
19 stood by a person of ordinary skill in the art to be the
20 controlling disclosure. If the --

21 THE COURT: How would he make that determination?

22 THE WITNESS: If he could not make that determina-
23 tion, the whole thing would be totally defective. If he
24 could make that determination, the whole thing would be
25 perfectly okay.

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1 And, Your Honor, sometimes both the drawings
2 and the specification are inadequate to describe the inven-
3 tion, but one of the claims as originally filed does, and
4 that is enough, and has been held to be so again and again.

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1 BY MR. GOLDENBERG:

2 Q Professor Kayton, isn't it the responsibility of the
3 examiner to insure compliance with the statute and the Rules
4 of Practice of the Patent Office?

5 A That's correct.

6 Q Now, suppose, sir, that this transistor of which I have
7 just been speaking was claimed by the patentee as part of
8 his invention.

9 A Yes.

10 Q Is there not an obligation to show that in the drawing?

11 A There is an obligation on the part of the examiner to
12 ask that the drawing in fact include it, but it is not, as
13 my basic text points out, an error. He cannot reject claims
14 for that reason. He can only object to them. And if he does
15 not catch that ministerial glitch, so to speak, the patent
16 is absolutely valid as long as the specification includes it.

17 Now, that's right in Chapter 2 of my book.

18 THE COURT: You are saying that something is not an
19 error because it doesn't make the patent invalid. Are those
20 two things identical, the concept of invalidity and the
21 concept of error?

22 THE WITNESS: To me, substantive and ministerial,
23 yes. If there is some ministerial problem, I don't consider
24 that an error. If a person of ordinary skill in the art can
25 take this and use it, the patent is not in error.

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1 There are many ministerial things that can be
2 taken care of, even after the patent issues, by a certificate
3 of correction. Those are not errors in the sense that--
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5 THE COURT: You don't even admit the possibility
6 of such a thing as a non-material error?

7 THE WITNESS: Oh, yes, I said ministerial errors.
8 Those are ministerial errors. They have no significance in
9 the patent practice.

10 THE COURT: And they have no significance whatever
11 in terms of judging competence in the examiner or the kind of
12 job he is doing?

13 THE WITNESS: I think not. These are things that
14 in complication systems, just like in proofreading a book,
15 I proofread Kayton on Patents six times and another lawyer
16 did, and I just found out yesterday that there are two lines
17 missing from it. I don't think my competence as a professor
18 of patent law is affected by the fact that I missed that in
19 any way.

20 THE COURT: Do you think you would not be a better
21 proofreader if you had not missed it?

22 THE WITNESS: I would be a better proofreader if
23 I caught it, yes.

kayton - cross

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THE COURT: Well, is it your competence as a professor of patents or your competence as a proofreader that is on trial when you look at the proofreading job that you did?

THE WITNESS: As a proofreader. But that's not the examiner's job.

His job is to examine applications and de-

termine whether they meet the substantive requirements of the statute so that the document is a valid legal document.

In the process, he's obligated to do the best he can to pick up any details to help make the thing more readable.

BY MR. GOLDENBERG:

Q You speak of the examiner's requirement to see that the -- the examiner's burden to see that the requirements of the statute are met.

Doesn't he have an equal requirement to see that the provisions of the Rules of Practice are followed?

A That's what I just said.

Q I thought you just spoke of the statute.

Now, doesn't Rule 83 -- or, officially 37 C.F.R. Section 1.83 say: "The drawing must show every feature of the invention specified in the claims"?

A Well, if the word "must" is there from your reading, it is.

It is not a substantive requirement.

Kayton - cross

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1 Q It is not a substantive requirement?

2 A It is not a substantive requirement.

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The fact that something from the drawing is not there is irrelevant substantively if the specification discloses it, or if the claims as originally filed disclose it.

And I say, Mr. Goldenberg, that to you with absolute certaintude. There has never been a case that has found a patent failing because something claimed is not in the drawing if it is in the written specification.

Q All right, sir, we have your views. I'd like to go on to another topic, Professor Kayton.

Can you agree with me that throughout the prosecution of the original patent and the reissue protest proceedings that it really was Examiner Hum's position that there was something about just the idea of putting a -- using a microprocessor control and multiplexing in a pinball game that entitled Nutting and Frederiksen to a patent?

A Would you repeat the question?

stn? 1 Q Let me try to perhaps -- let me have the reporter read
2 it back, and then if you don't understand it I'll recast it.

3 (Question read)

4 BY THE WITNESS:

5 A Not only do I not agree, but the opposite is the case.

6 BY MR. GOLDENBERG:

7 Q All right, sir. Do you have Plaintiff's Exhibit 2
8 available to you?

9 A Yes. That's the original --

10 Q File history of the original patent.

11 A Right, yes. I have it.

12 Q The page to which I would like to direct your attention
13 has Bates number 61.

14 MR. GOLDENBERG: And, your Honor, this is the fourth
15 page of an office action, that is, in the action by Examiner
16 Hum dated by him on December 15, 1975.

17 BY THE WITNESS:

18 A I have page 61.

19 BY MR. GOLDENBERG:

20 Q Now, at that time in the application there were 26
21 claims pending, were there not, and --

22 A Probably, because in the middle it refers to claims
23 20 through 26. There may have been more --well, I can tell
24 from the cover of the action.

25 On Bates 57 it says: "Claims 1 through 26 are

presented." So there were 26 at that time.

1 presented." So there were 26 at that time.
2 Q Now, that was the first action by Examiner Hum on the

3 original application, was it not?

4 A I can tell you in a moment.

5 From its location in the file it would be.
6 And I think it was.

7 Q All right. I think it is, sir. I don't think I'm mis-
8 leading you on that.

9 A Okay.

10 Q Now, the claims themselves appear on Bates numbers 46
11 through 54, and all I want to do there is to have your
12 agreement that claims 1 and 12 are the independent claims.

13 A Well, 1 and 12 are independent, but there are other
14 independent claims. Claim 20 is independent.

15 Q All right, sir.

16 A And -- Let's see -- Claim 20 is independent as well.

17 Q Excuse me while I turn to that.

18 Now, Claim 20 as an independent claim is a
19 claim directed to pinball apparatus, is it not?

20 A I'll take a look and see.

21 The preamble to the claim refers to the combin-
22 ation -- "In the combination of a microprocessor-based pinball
23 game apparatus." Yes.

24 Q All right, sir. Now, Claims 1 and 12, the other inde-
25 pendent claims, are simply directed to game apparatus, are

1 they not?
2 A Well, I can't tell. The preamble talks about game
3 apparatus, but there may well be within the claims elements
4 that restrict it to pinball, and I'm not competent to judge
5 whether that's the case or not.

6 Q I see. All right. So let's go back to page 61 to which
7 I first directed your attention.

8 Now, what we are reading on page 61 are
9 Examiner Hum's statements to the applicants in this office
10 action. Isn't that correct?

11 A Yes.

12 Q On page 61 it reads as follows, and I read this as best
13 I can. This looks to be about the fourth or fifth copy of
14 something or other.

15 "If applicant includes claims 1 and 12 limita-
16 tions directed to a pinball machine and associated
17 elements, e. g. player operated flipper means, ball
18 means, projector means" -- and I think that word is
19 -- "correlated to claim structure and if the in-
20 definite portions are clarified, then claims would
21 appear to be allowable."

22 A Yes. Isn't that what he said?

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1 Q ~~true~~ So if they claim a pinball -- excuse me, let me with-
2 draw that for the moment.

3 "Then claims would be allowable, claims 20,
4 26 would be allowable if the indefinite portions
5 satisfactorily clarified suggestions to obviate
6 35 U.S.C. 112 first paragraph where he discussed
7 on page 3."

8 Isn't the only reasonable conclusion you can
9 draw from that, that even at that stage of the proceedings,
10 Examiner Hum was telling the applicant, "All you have to do
11 is claim this in the pinball game and you may have a patent"?

12 A. What is "this"?

13 Q ~~do~~ What I just read to you, sir.

14 A. The claims? Yes. what he was saying is the electronic
15 combination of claims 1 and 2 in a pinball combination is
16 unobvious and unexpected over any related art.

17 Q ~~do~~ And there was no discussion of noise problems or hard-
18 ware or software combinations or anything like that, was there?

19 A. Why should there be? There is no prior art that begins
20 to compare to it. He is a person of ordinary skill in the
21 art, presumably knows the problems and recognizes that that
22 combination solves those problems.

23 If he were unable to do that, he would hardly
24 be an expert.

25 Those claims include all of the sophisticated

1 structure and circuitry about which this trial has gone on
2 for days, including means plus function claims. He was
3 peculiarly capable of understanding what those means and
4 those functions performed in the specification.

5 Q And that continued to be Examiner Hum's position through
6 out the prosecution of the reissue application, did it not?

7 A What I said or what you said?

8 Q What I said, sir.

9 A No; to the contrary. What you said it not representa-
10 tive of what those words mean. Those words mean something
11 real. They are not just words in isolation. They are words
12 in the context of that technology and in the specification
13 and in the claims.

14 Q And your position is that even though you are aware, as
15 we all are, that Examiner Hum held the work of Atari not to
16 be anticipatory because it was not reduced to practice and not
17 a practical pinball machine?

18 A I'm sorry, what was the question?

19 Q That is your position, sir. I just want to be sure of
20 this. Even though at later stages in the reissue applica-
21 tion, Examiner Hum said that in order to have a practical
22 pinball machine, you must cure noise problems and you must
23 cure stuck switch problems.

24 A Well, you have changed the question and now I don't
25 know --

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1 Q I'm sorry if I am confusing you.

2 A First you talked about El Toro and he held that El Toro
3 was nonexistent as prior art because it didn't work. So that's
4 the first response. It was nothing. If something doesn't
5 work, it is nothing and it is not prior art.

6 Q Why did he hold that it didn't work?

7 A Because the evidence presented demonstrated that it
8 could not operate in a noisy environment and it had stuck
9 switches.

10 Q So therefore, the examiner's view was that in order to
11 have a successful pinball machine, you must have means to
12 take care of those problems, isn't that correct?

13 A That is correct.

14 Q And yet, he never required that the Bally applicants
15 put those devices, those means in their claims, did he?

16 A Exactly the opposite. We have had three weeks of
17 testimony demonstrating that precisely that is in the claims.
18 That is exactly what this trial has been up until now, a
19 demonstration that that's the case.

20
21 Now, that may be incorrect, or it may be
22 correct, but if it is correct, then a person of ordinary
23 skill in the art and knowing how to read claims, as Hum did,
24 read it and saw it.

1 Q Well, let's just pin down a couple of specific details.

2 You have Exhibit 415 available to you?

3 A Yes, but I have to get it. Are we through with this for
now?

5 Q Yes, I think so.

6 A Yes.

7 Q If you turn to tab B, Bates number 20.

8 A I have it.

9 THE COURT: In this same exhibit, 2?

10 MR. GOLDENBERG: No, your Honor, in Plaintiff's
11 Exhibit 415, I'm sorry, and tab B and Bates number 20.

12 BY MR. GOLDENBERG:

13 Q The document in tab B, Professor Kayton, is the second
14 action from the reissue application by Examiner Hum, is it
15 not?

16 A I believe so. Yes, it is.

17 Q And in that action he rejects all of the claims, does
18 he not?

19 A That is correct.

20 Q Now, a part of that rejection which appears on page
21 Bates number 16 is a rejection of certain claims as unpatent-
22 able over..

23 A I --

24 Q I'm sorry.

25 A I was looking at 20. Should I shift to 16?

1 Q Yes, I apologize. We will get back to 20 in a moment.
2 At page Bates number 16, bottom of the page,
3 he rejects a number of claims over a patent to Saxton in
4 view of Mehnke.

5 A Yes.

6 Q Now, on page 20 he says this --

7 A May I just read? May I read that up --

8 Q I was going to read it, sir.

9 A Are you going to read it aloud to me on page 16?

10 Q Yes, sir.

11 A Oh, okay.

12 Q I am going to read it aloud to you on page 20.

13 A May I read the part on page 16?

14 Q Oh, of course. Take your time.

15 (Brief pause)

16 THE WITNESS: Okay, I have read that. Thank you.

17 BY MR. GOLDENBERG:

18 Q All right, sir. Can we now turn to page 20?

19 A Yes.

20 Q In the middle of the page:

21 "In accordance to the provisions of MPEP
22 707.07 J, if the following suggested language is
23 inserted in line 5 of reissue application Claim 1,
24 then the claims refused under the combined teach-
25 ings of Saxton and Mehnke would avoid the prior art."

1 A Yes.

2 Q (Reading) "Then inserted is Claim 1, line 5, after;"
3 the phrase --"said mass being a surface projectile;
4 the game surface for supporting the surface projec-
5 tile; is recommended for insertion.

6 "Notably such an amendment would be in keeping
7 with the applicant's position set forth in papers
8 numbers 31 and 32."

9 A 31 and 42.

10 I think it is important to note that the claim
11 is not limited to the present embodiment.
12 It is intended to cover all other ways
13 of carrying out the principle of supporting a
14 projectile on a surface.

15 I think it is important that people understand
16 that the claim is not limited to the house pattern and a similar
17 arrangement.

18 I think it is important to understand that
19 the claim is not limited to a single mass
20 or a single projectile. It is intended to cover
21 more than one projectile at a time
22 and that is why it is referred to as a
23 "game surface." It is not referring to a
24 single projectile as a game surface, but rather
25 to a number of projectiles at a time, as in a game.

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KAYTON - CROSS

I'm sorry, I misread that. Thank you.

Q. Now I'm sorry, I misread that. Now, isn't Examiner Hum once again saying to the applicants that: Here's some prior art, but all you have to do is claim a pinball game and you can have a patent as far as this particular prior art is concerned?

A. No. He is not only not once again saying it; he never said it, and he's not saying it here.

What he is saying here is, is that Saxton uses a microprocessor in a slot machine, that Mehnke is a simulated game device. None of those have the noise problems of a pinball machine. And to orient those things that way is meaningless.

But if it is in a pinball environment, those limitations cure the pinball problem.

And it's precisely that point that he's making. That combination obviates the noise problem in a pinball environment.

When you combine structure from those other arts, which, as your Honor, I read to you in my direct testimony, he said these things have nothing to do with the problems of a pinball game, and therefore it is not merely making it a pinball game, and therefore it is not merely situation that has to operate in a noisy environment, and these combinations cope with that noisy environment.

The issue of noise was already in the case.

2
1 introduced by the protesters when they entered the case, as
2 I read to the Court the other day.

3 The El Toro was talked about as a pinball,
4 and it didn't work because it was noisy.

5 Q Professor Kayton, where do you find in that office
6 action any discussion or any reference at all to noise prob-
7 lems or awareness that this was a consideration in the
8 examiner's mind?

9 A Well, the protesters introduced the subject.

10 Q In connection with this document, sir, where?

11 A In connection with El Toro, the pinball game. And
12 noise is shown.

13 He also did not tell us about Ohm's law. He
14 also didn't tell us about any of the things that a person of
15 ordinary skill in the art knows. There's no need to regurgi-
16 tate everything you know about a problem.

17 His job is to distinguish the claims over the
18 prior art or not, the way a person of ordinary skill in the
19 art does.

20 Noise was in this case from the beginning
21 right up to the end, raised both by the protesters and the
22 plaintiffs, again and again and again, forty some different
23 locations.

24 Q Professor Kayton, I'd like to return to the matter of
25 software and whether or not it is a part of the specification

3 of the patent in suit here.

1 My name is John Doe. I live in Chicago, and
2 I'm a game designer, an electronics game designer. And for
3 one reason or another I hear about this patent in suit, and
4 I go over to the Chicago Public Library, which I can do, and
5 get a copy of that patent.

6 Tell me where in that patent am I going to
7 find any indication that somewhere in the files of the Patent
8 Office there is a program listing?

9 A You won't find it anywhere in the printed patent. But
10 your patent attorney will know it.

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Q How will my patent attorney know it?

A Because he knows that program listings during the period under consideration were part of the file history at a time before there was an official policy.

And everyone knows, including your technical expert, that you cannot understand an issued United States patent without examining everything in the file wrapper, as clearly pointed out in Chapter 2 of my book.

There is no way to understand a United States patent without going through the file wrapper. And that fact the world is charged with constructive knowledge about.

Q How would my patent attorney, upon reading the patent, become aware that there is a program listing deposited somewhere in the Patent Office?

A No patent attorney would read a patent in isolation of the file wrapper and expect to know anything much useful about it.

Q So you and I can agree that there's nothing within the four corners of the patent document itself that advises anybody about it, a man skilled in the art, or a patent attorney, that there is somewhere in Washington, D.C. or Arlington, Virginia, now, a program listing that has something to do with that patent.

A I expressly said that.

Q So can we then further agree that the program listing

1 is not incorporated by reference into the text of the patent?
2 A I don't accept that, because that was the practice, that
3 in fact it was incorporated by reference by the practice of
4 the Patent Office at that time.

5 Everyone was charged with knowing that a com-
6 puter-related patent might well have within the file wrapper
7 the program listing.

8 Q Where is the text, sir, in the patent that incorporates
9 this program listing by reference?

10 A I expressly said it was a matter of practice. There
11 are no words.

12 THE COURT: I'm looking for a reference in the
13 patent to the program. We've been over that before, but I
14 don't remember where it was.

15 THE WITNESS: Well, your Honor, "programming means"
16 in the claims expressly does so.

17 MR. LYNCH: It's at column 3, your Honor, at about
18 line 25. It refers to the conventional software control of
19 the game response.

20 THE WITNESS: If the question were addressed to me,
21 your Honor, I would focus on the claims, the "programming
22 means". That's an absolute guarantee that there is a program
23 listing and it must be looked to.

24 Because if the claim calls for programming
25 means, then anyone of ordinary skill in the art must know

1 that the claim depends on a program.
2 THE COURT: Well, what I was inquiring about was a
3 description of the program. I recall there having been a
4 description of the program in express terms, and I take it
5 that the language referred to by Mr. Lynch is what I had in
6 mind.

7 THE WITNESS: Where is that, your Honor? I didn't
8 get it.

9 THE COURT: Column 3, lines 24 and 25.

10 THE WITNESS: Yes. This simply, of course, your
11 Honor, talks that the programming may be done in conventional
12 ways, which is something that's obvious.

13 Anyone who knows how to program can program
14 a program if told what the program has to do.

15 BY MR. GOLDENBERG:

16 Q Apart from that, sir, and apart from your reference to
17 the word "program" in the patent claims, that's all there is,
18 isn't there?

19 A Programming means in the patent claims is all that's
20 necessary, because as a matter of absolute requirement if
21 the claim called for it there's got to be support for it.

22 and rejected the claim because he thought there was no sup-
23 port for it.

24 That is an elemental proposition. Any prac-

1 titioner seeing a claim that calls for programming means
2 knows there must be a program, and he would indeed look for
3 it where in fact it is, in the file wrapper.

4 And if he saw the prosecution dates and he
5 was involved in the practice of patent law at that time, he
6 would know that there would be an overwhelming likelihood
7 that the program listing would be there, because he knew
8 that examiners at that time, and the printer in the Patent
9 Office at that time, sometimes did not print it as part of
10 the printed patent.

11 It's my understanding that the claim language is not limited to the

12 printed patent, but also includes the file wrapper and the

13 drawings, which are part of the patent application.

14 I think it's reasonable to assume that each of the claims

15 is intended to cover the entire disclosure of the application.

16 I think it's reasonable to assume that each of the claims is

17 intended to cover the entire disclosure of the application.

18 I think it's reasonable to assume that each of the claims is

19 intended to cover the entire disclosure of the application.

20 I think it's reasonable to assume that each of the claims is

21 intended to cover the entire disclosure of the application.

22 I think it's reasonable to assume that each of the claims is

23 intended to cover the entire disclosure of the application.

24 I think it's reasonable to assume that each of the claims is

25 intended to cover the entire disclosure of the application.

1 Q Now, wasn't there another practice in existence at that
2 time; namely, the practice of incorporation by reference?

3 A Exactly. There were several practices. There was no
4 official practice. That's precisely the point that I was
5 making. There was not even a suggestion of one until 1977.

6 Q All right, sir. Now, didn't the practice and doesn't
7 the practice of incorporation require something more than a
8 mere allusion to the ability to use conventional programming
9 to achieve a device? *175 from back part of 2nd page*

10 A Mr. Goldenberg, I said the claims required it.

11 Q All right, sir. Now, doesn't the practice of incorporation
12 by reference require something more than the mere inclu-
13 sion of the word "program" in the patent claim? *176*

14 A If you incorporate by reference and are using that
15 technique, you use words that say incorporate by reference.
16 That was followed and the other procedure was followed as
17 well, as outlined by Examiner Hum.

18 Q But it wasn't followed in the case of this patent, was
19 it? *177*

20 A Specific incorporation by reference terms saying,
21 "incorporate by reference," was not used. A more powerful
22 technique, in fact, was. The claim called for programming
23 means. And that means the whole validity of the patent turned
24 on whether there was a programming means disclosed.

25 Q And I take it -- *178 bottom part of 2nd page*

6 And that applicants acquiesced in that during
7 Reference was
the prosecution. They said it is there.

8 | BY MR. GOLDENBERG:

9 Q. Let's see if we can't sum this part of it up. I think
10 we do have an agreement that the only references to program
11 in the patent were in the portion of the text pointed out by
12 Mr. Lynch and your reference in the claims.

13 A Well, no, we agree that -- Mr. Lynch's reference is
14 simply a statement in the patent that if you want to program
15 something, there are programming techniques to program.

16 | Q Latin All right.

17 A ~~couple~~ The claim says --

18 Q Excuse me, sir. That's a reference to programming, is
19 it not?

20 A Right.

21 Q Now, the other reference to program is the one that you
22 pointed out in

23 A. ~~and~~ That's ~~at~~ in the claims.

24 Q COUN All right to the program

25 right, sir. To the

Now, can we also agree that there is nothing
To the program.

3

1 in the text of the patent that says a program listing has
2 been deposited in the Patent Office.

3 A. That's correct.

4 Q. All right, sir. Can we also agree that the practice
5 at that time when you wanted to incorporate something by
6 reference was to use specific words in the text of the patent
7 to achieve that result?

8 A. Incorporation by reference in Ipsissimis Verbis
9 that's correct. I am submitting that putting it in the claim
10 is incorporating it by reference as well.

11 THE COURT: Is there any case that so holds?

12 THE WITNESS: Excuse me, your Honor, that so holds
13 what?

14 THE COURT: Is there any case that so holds?

15 THE WITNESS: Well, yes, your Honor, because if the
16 claim doesn't -- finds no support, it is invalid. Therefore,
17 you must look for the support.

18 THE COURT: Did you hear my question?

19 THE WITNESS: Well, I thought I did, but I --

20 THE COURT: Mr. Goldenberg, go on to the next.

21 MR. GOLDENBERG: All right.

22 THE WITNESS: Your Honor, on reflection, I do under-
23 stand the question. I'd like to give you the case then that
24 occurs to me, if that's acceptable.

25 THE COURT: All right.

Kayton - cross

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1 THE WITNESS: It is the Emerson v. Hogg case.
2

3 THE COURT: Emerson against Hogg?

4 THE WITNESS: Yes. That's the case that Mr. Katz
5 mentioned that said that if you claim something and it is in
6 the file, it is supported. That's the Supreme Court case
of 1848.

7 MR. KATZ: Your Honor, we are going to have a memo
8 for you on this subject this afternoon.

9 THE COURT: All right.

10 MR. GOLDENBERG: Your Honor, in that connection,
11 I would direct the Court to General Electric v. Brenner,
12 Mr. Kayton had reference to it at some point earlier. It is
13 407 F. 2d 1258. And I do have a copy here if the Court would
14 receive it.

15 (Brief pause.)

16 MR. KATZ: Excuse me, your Honor. While there is
17 a lull, may I approach the bench on a sidebar with
18 Mr. Goldenberg?

19 (Discussion off the record at sidebar.)
20

1 BY MR. GOLDENBERG:

2 Q Professor Kayton, in response to a question from Mr.
3 Lynch yesterday, I believe you said that something would be
4 part of a patent application and appropriately included as
5 part of the application even if that thing were not attached
6 to the oath or declaration signed by the inventor at the
7 time he executed such a document.

8 If I have mis-stated what you have said --

9 A No, I don't remember the precise language that was used.

10 Q Well, I recall a question, sir, about here's an in-
11 ventor executing a patent application and another document
12 is in the same room, but not attached.

13 A Oh, yes, okay.

14 Q And you said that document could still nevertheless be
15 considered part of the patent application.

16 A Oh, for sure. That's what happens. The papers are in
17 the office; the inventor sees them; he signs the document;
18 then a hole is drilled through, a grommet put through it,
19 sometimes, as we used to do at General Electric, or sometimes
20 just clipped together and sent to the Patent Office. That's
21 the attachment. If it is attached or in one envelope at the
22 Patent Office, it meets the requirement.

23 Q You did that at General Electric?

24 A Yes, sir. And in fact, I recall very -- well, it doesn't
25 matter. We used to use a brass grommet after all the papers

1 were completed, documents signed, we drove a hole through
2 the papers and a brass grommet was put through and compressed
3 and the whole thing sent to the Patent Office.

4 Q This was after signature by the inventor?

5 A What was done after signature?

6 Q This grommeting and drilling holes.

7 A Yes, of course. All the papers were there in front of
8 him. He saw them. All contemporaneous. He signed the
9 paper and then it was secured.

10 Q All right. Let me change the situation, and I think
11 this really was Mr. Lynch's question. These papers are not
12 in the room. Is your answer still the same?

13 A It depends. If they were--

14 THE COURT: Mr. Goldenberg, are you going to ask
15 something new on this subject? Let's just not go over the
16 same question and answer that was given yesterday.

17 MR. GOLDENBERG: Yes, Judge, I do.

18 BY MR. GOLDENBERG:

19 Q Professor Kayton, I direct your attention to Rule 57 of
20 the Rules of Practice, which deals with signature on applica-
21 tion papers.

22 A My Rules of Practice doesn't have a Rule 57. It says:
23 "Reserved", so I can't --

24 Q Well, should I have cited it to you as 1.57?

25 A No, Mr. Goldenberg, there is no Rule 57 in this book.

1 This is the current book, 1983. There is no Rule 57.
2 Q Well, I have here the rule book for 1977 and let me
3 show you that.

4 A Okay. Yes.

5 Q Now, that rule has been in effect in the Patent Office
6 for some time, has it not?

7 A Yes.

8 Q And it was in effect when the application for the
9 original patent was signed, was it not?

10 A Yes, because it says it was effective July, 1971.

11 Q And it was in effect when the application for the re-
12 issue patent was signed, was it not?

13 A I believe so, but this is 1977, I don't know whether
14 there is any change, but it looks like what -- the rule that
15 was in effect.

16 Q Is there
17 rule?

18 A Not
19 done that w

20 the prior

21 the Paten

22 question

23 Q Yes

Kayton - cross

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Kayton - cross 2971

1 Q Now, doesn't that rule require that the oath or declara-
2 tion be attached to and refer to the specification and claims
3 to which it applies?

4 A. I would just like to read it precisely --

5 Q. Surely --

6 A. Because your characterization of it is not what it says.

7 Q All right, sir.

8 A ~~and a patent~~ "The application must be signed by the appli-
9 ~~documents~~ cant in person. The signature to the oath or
10 ~~specification~~ declaration will be accepted as the signature to
11 ~~the application~~ the application, provided the oath or declaration
12 is attached to and refers to the specification and
13 claims to which it applies."

14 Which means the Patent Office, when it re-
15 ceives it, will accept it if it is attached.

16 Q xari It doesn't mean that it be attached at time of signa-
17 ture? *believe you*

18 Agents Not only doesn't it mean it, I virtually never had it
19 done that way as long as all the documents where there.
20

21 The inventor sees them; he reads it; he signs
22 the papers; they're laid out; you secure them and send them to
22 the Patent Office.

24 questioning, fr. I am almost incredulous at this line of

25 Q Well, I surprise people now and then by some of the
frankly.

Kayton - cross
- redirect

2972

1 things I do.

2 MR. GOLDENBERG: I have no further questions.

3 THE COURT: Redirect.

4 MR. GOLDENBERG: Oh, I'm sorry. I have one more

5 question. I apologize.

6 BY MR. GOLDENBERG:

7 Q Did I understand your testimony that in order to understand a patent and what it really means, it is not only necessary to read the patent but you must also read the file history?

8 A Yes.

9 MR. GOLDENBERG: I have no further questions.

10
11
12
13 REDIRECT EXAMINATION

14 BY MR. KATZ:

15 Q Professor Kayton, yesterday Mr. Lynch on his cross examination showed you a document which had a Bates No. 1574
16 -- I believe your Honor was handed a copy in a set of documents which was actually one of applicant's papers -- and it
17 can be found in Plaintiff's Exhibit 413 at tab 21, Bates 731.
18
19
20
21
22
23
24
25

And he quoted a sentence to you, saying that Bally, in that paper, said, and I quote:

"Further, even though the program listing is part of the original application, the specification by itself sufficiently defines the operation of the claimed invention, therefore it is"

Kayton - redirect
prod

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3

1 irrelevant if
2 of the specification."

And you answered, "That's what it says."

And Mr. Lynch went on to ask the question:

5 "Bally's position before the Office was, it

6 was irrelevant whether the program listing,

9 Your answer was: "No. That's what they said
10 and it is in that sentence."

11 I'm reading from transcript page 2841.

12 Your answer went on:

13 "Their position represented by many more
14 papers and propositions was that it was always in
15 it, it is part of the application, and it was part
16 of the specification.

17 "Now, you have referred to that sentence, and
18 that sentence says exactly what it says, and it
19 seems on its face in that one sentence to be not
20 compatible with the many other statements that
21 they made" -- that is Bally -- "which are to the
22 contrary."

24 Now, is it correct that that sentence, when
25 taken in context, is not compatible with the many other
statements that Plaintiffs made which are to the contrary?

4

1 A No. When in context it's totally compatible and
2 consistent.

3 Q Excuse me.

4 A Well, I was going to say what the context was.

5 Q What was the context?

6 A This statement by Bally's attorneys was in response to
7 an argument made by the protesters.

8 The argument made by the protesters, your
9 Honor, appears in Plaintiff's Exhibit 414, volume 2, tab 29A,
10 and it starts at Bates 395A, but specifically appears at 395E.

9-2

11 GENTLEMEN:

12 GENTLEMEN:

13 GENTLEMEN:

14 GENTLEMEN:

15 GENTLEMEN:

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17 GENTLEMEN:

18 GENTLEMEN:

19 GENTLEMEN:

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21 GENTLEMEN:

22 GENTLEMEN:

23 GENTLEMEN:

24 GENTLEMEN:

25 GENTLEMEN:

Now, at 395 E, right at the top, the protest-

ers say:

"Next at page 15 Bally asserts neither the
Durant nor Burnside patents show cyclic and
sequential multiplexing in an electromechanical
pinball machine as claimed in the present patent."

Then --

Q Excuse me. I believe it says: "in the present in-
vention".

A I'm sorry, "in the present invention". Excuse me, "as
claimed in the present invention". Of course. There was no
patent.

Then the protesters go on and say:

"Protesters question what cyclic and
sequential multiplexing means in light of the
specification. That term does not appear in the
specification. And since the software is not
part of the specification, the software can be of
no help in determining what cyclic and sequential
means."

Now, it is precisely that to which Mr. Katz
responded in his paper that Mr. Lynch quoted. And what he
said was -- I will now repeat again:

"Even though the program listing is a part of
the original application, the specification by or

1 itself sufficiently defines the operation of the
2 claimed invention."

3 But what he was referring to was the cyclic
4 and sequential means that was discussed and to which he was
5 responding. He said:

6 "Therefore, it is irrelevant if the program
7 listing is or is not part of the specification."

8 In short, he was saying the cyclic and sequen-
9 tial means is disclosed physically outside of the program and in
10 the verbal description.

11 Q Can you point out where that is?

12 A Yes. And if the Court would look at the reissue patent--

13 Q Which is Plaintiff's Exhibit 3, your Honor.

14 A -- at Column 9, lines 38 to about 44 or 45.

15 The patent expressly says:

16 The interfacing between the microprocessor
17 and game apparatus in the illustrated embodiment
18 of the present invention includes a suitable de-
19 coder 61," -- which is a hardware device shown in
20 the drawings -- "to develop the necessary sequen-
21 tial and repetitive activation of the multiplexing
22 input lines 40" -- which are also shown in the
23 patent -- "and sequentially within a processing
24 cycle."

25 And then goes on to say: "the activation of

1 a second controller," et cetera.

2 Moreover, were we to turn to column 3 of

3 that patent, at lines 36 through 41, it says:

4 "More particularly, in accordance with a par-
5 ticular constructional novel feature" -- and the
6 next word should be embodiment -- "of the present
7 invention a multiplexing circuit is driven from a
8 random access memory to sequentially activate a
9 plurality of multiplexed input lines on a con-
10 tinuous basis, cyclic basis."

11 Thus, the reference of Mr. Katz was, the
12 program is not needed to support cyclic and sequential be-
13 cause there is a disclosure in the specification of that
14 mechanism.

15 And, therefore, the statement has nothing to
16 do with whether the program is in or out or is needed or is
17 not needed.

18 THE COURT: Mr. Lynch.

19 MR. LYNCH: If it please the Court, your Honor, I
20 move to strike the answer. The witness has indicated pre-
21 viously he has no competence in technology; here he was
22 telling us where the multiplexing means was supported in
23 detail in the specifications.

24 THE COURT: Motion denied.

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1 BY MR. KATZ:

2 Q Professor Kayton, having explained the correct signifi-
3 cance of the sentence that Mr. Lynch quoted to you yesterday
4 out of context, is there anything at all in the record stat-
5 ed by either the plaintiff or by the examiner other than
6 that the program is part of the patent and that the claims
7 rely on the program as well as the other disclosures?

8 A There is nothing disclosed that I am aware of in the
9 time that I have been involved or the readings that I have
10 done inconsistent with the program being part of the patent.

11 Q I'm not

12 Q I will

13 A I think

14 Q Before

15 however, are

16 and he said,

17

18

19

20 YOU MAY RE

21 WHICH THE

22 the engine,

23

24

25

Kayton - redirect

2979

1 Q Now, Professor Kayton, I'd like to refer you to the
2 transcript, this is yesterday's transcript, Page 2812, was
3 the original page number, but I understand it was changed
4 this morning. I have a correction. The actual page number,
5 I believe, is 2854. So the original copies that were
6 delivered yesterday had page 2812 and it was corrected this
7 morning as 2854.

8 A Mr. Katz, I am sorry, I didn't bring that transcript
9 with me.

10 Q Okay.

11 A I'm sorry.

12 Q I will read it.

13 A I thought I did, but I didn't.

14 Q Referring to that page, Mr. Lynch was reading from a
15 paper, one of the applicants' papers in PX-413, at page 316,
16 and he said:

17 "If we go down to the paragraphs stated,"
18 and he quoted, "the examiner queried --"

19 These are questions that the examiner posed,
20 you may recall, to the applicants, and this is the paper in
21 which the applicant was answering those questions raised by
22 the examiner. Mr. Lynch said:

23 "The examiner queried whether there were
24 problems encountered by those ordinarily skilled
25 in the surface projectile or pinball art, and

Kayton - redirect

whether they were long-standing or insurmountable, or would have required undue burden or experimentation to resolve."

Now, Mr. Lynch said: "Now, in response to that, what specific problems did Bally outline?"

And you said: "I suppose the noise problems, because it refers to the Atari and Ramtek activities which failed because of noise problems."

Mr. Lynch then said: "Specifically what problems are mentioned there?"

And you answered: "They said that there were such problems and that they couldn't be cured by experts such as Atari and Ramtek, they didn't outline specific ones."

And John Lynch said: "Fine. Are you satisfied they didn't outline any specific problems in response to that query?"

And your answer was: "That is what I said."

Was the statement you made, Professor Kayton, correct?

It was totally incorrect.

And why was that?

Because a few lines further down, which I didn't have a chance to read, in Plaintiff's Exhibit 413 under tab 12 at

3

1 Bates 397, Mr. Katz made the following statement:
2 "Further, the record is replete with examples
3 of the problems faced by Atari as well as Ramtek
4 and by the well-established pinball manufacturers
5 Gottlieb and Williams in designing a practical,
6 solid state pinball machine. See for example
7 pages 70 through 96 of applicants' response to the
8 first office action which covers these problems in
9 some detail."

10 Q And you are reading from page Bates 317?

11 A 317.

12 Q Was that continuing in the same paragraph that you were
13 reading from?

14 A The very same paragraph that I was reading from.

15 Now, it is the case that were one, as I did
16 last night, to refer to that text that Mr. Katz says deals
17 with the problems in detail, which appears in this same
18 volume, Exhibit 413, at Bates page -- at tab 3, Bates pages
19 92 through 120, you would find a list of, and I did, of
20 approximately a dozen separate independent indications of
21 problems that the applicants submitted to the examiner. And
22 thus, by incorporation by reference in that statement, the
23 problems are incorporated by reference in that statement, the
24 list those.

25

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hose.

Kayton - redirect

1 Q Would you please answer Mr. Lynch's question now?

2 A All right. I would then like to answer Mr. Lynch's ques-
3 tion about the statement of problems presented to the exam-
4 iner by Mr. Katz.

5 We start at Bates Number 95 and Plaintiff's
6 Exhibit 413. That's under tab 3. tab 3 and then Bates 95.

7 The first full paragraph talks about Mr. Edwall who did
8 work for Gottlieb in trying to build a solid state pinball.

9 In the middle of the paragraph, after footnote 216 is listed,
10 it says:

11 Edwall testified that they were aware of
12 particular characteristics of the pinball environ-
13 ment not normally encountered in general applica-
14 tions of these types of circuit devices, primarily
15 the energizing of solenoids and high current
16 pulses which they drew, and they were afraid of
17 induction between high power current lines and
18 sensitive switch or signal lines. Also, they were
19 concerned about size of transformers and their
20 fields, -- that's electromagnetic fields, --
21 "producing noise inductance."

22 Then on page Bates 98, continuing on with,
23 this is all work for Gottlieb -- or all work by Edwall and
24 for Gottlieb -- at the top about line 6, Mr. Katz said:
25 "One of the problems with the national

version of the Royal Flush pinball machine was that
it needed shielding --"

THE COURT: What page?

MR. KATZ: Excuse me, Professor Kayton.

He is reading from page 98.

THE WITNESS: 98, I'm sorry, your Honor. Sixth
line from the top.

BY THE WITNESS:

A (Continuing) Mr. Katz characterizes Mr. Edwall's
testimony, which is listed as footnote Edwall deposition--
that's Mr. Neyens' deposition 235-A.

"One of the problems with the national ver-
sion of the Royal Flush pinball machine was that
it made a shielding all over the game."

Then farther down in the last paragraph:

"During the early evaluation of the proposed
National and Rockwell systems in June of '76, Rock-
well rejected -- Gottlieb rejected the initial
Rockwell approach because they felt that the pro-
posed general purpose keyboard display GPKD sys-
tem, although suitable for a calculator and the
like, was not applicable to a pinball play field."

Then on the very next page -- Excuse me just
a minute while I take a drink, Mr. Katz.

On the very next page, 99, the first full

1 paragraph, it says:

2 "This turned out to be the case, that the
3 microprocessor control system for general purpose
4 keyboard displays would not work in the pinball
5 machine. This resulted, apparently, because of
6 the so-called two-key rollover and switch bounce
7 features of such a GPKD system."

8 Further, on the next page, where we have
9 dialogue, where Mr. Harmer, someone that the protesters used
10 as an expert at one time for submitting an affidavit to the
11 Patent Office, Mr. Harmer's deposition taken by Mr. Katz,
12 I am now on Bates 100, the second question by Mr. Katz:

13 "Q You mean the requirement to have any or
14 all of the playfield switches activated at the
15 same time, is that it?

16 "A Well, if there is a malfunctioning
17 switch and it is always closed, a GPKD would not
18 handle that.

19 "Q What would it do?

20 "A It would hang up."

21 from the top: Then going on to Bates 102, the third line

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25 "The detailed story of the Rockwell develop-
ment for Gottlieb describing the various problems
that they encountered can be found in the deposi-

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Kayton - redirect

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tion transcripts of Edwall and Footh, considered with Footh's notebook, four volumes, covering the subject."

Now, your Honor, these four volumes in which these problems are asserted by Mr. Katz to exist were all submitted to the Patent Office's exhibits in the reissue proceeding.

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Kayton - redirect

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We then turn to activities of another group,
not the Rockwell Gottlieb group, but on Bates No. 107, we
are discussing the history of Williams' efforts and the
problems exemplified therein.

At the fourth line, fifth line from the
bottom on Bates 107, Mr. Katz says:

"The Williams people were shown a prototype
that was not a stand-alone game, but instead was
hooked up to an assembler by means of a cable,"
referring, of course, in that footnote to a depo-
sition as in every instance Mr. Katz did. "The
machine they were showing was not functioning
properly and had many problems including incorrect
scoring, improper switching times and improper
scoring of the spinner on every pulse."

Further, On the next page, Bates 108, the
last paragraph at the bottom:

"Stroll concluded from his evaluations that
although the Rockwell prototype operated as a
pinball machine, it was too slow, inflexible and
too costly."

Further, on Bates 109, the second full para-
graph from the top:

"Finally, Stroll determined that the system
designed by Seeburg was not fundamentally sound

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Kayton - redirect

1 from an engineering view, did not have any margins
2 and was not reproducible."

3 The third group of activities posing problems
4 were activities relating to the Ramtek development, and on
5 Bates page 113, at the first line at the top it is stated:

6 "It was never built as a self-contained or
7 stand-alone pinball machine."

8 The footnote is to McEwan's deposition down
9 at the bottom, and Mr. McEwan was the president of Ramtek, if
10 I recall correctly.

11 "On the one occasion when they tried to place
12 the card cage within the cabinet, the machine
13 did not operate."

14 And then down at the bottom of the page, the
15 last line:

16 "The game played badly. It misscored."

17 On to the next page, Bates 114:

18 "Targets would not light lights or turn lights
19 off. It would go into tilt. It would not feed
20 the next ball. The ball remained in the outhole
21 and there were failures to score in response to
22 hit switches."

23 And this is a deposition of Jonesi, the
24 pinball game designer who was involved in Ramtek.

25 "There are so many glitches he could not

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Kayton - redirect

1 recall all of them. Although they were reduced,
2 they were never eliminated."

3 Once again, the Jonesi deposition:

4 "He considered those glitches to be very
5 serious."

6 Further down towards the end of the paragraph:

7 "And sometimes 'it would sense [switch
8 closures] when they weren't made'".

9 The last sentence in the next paragraph:

10 "Art McEwan, the president, wanted it to go
11 out on test, but it couldn't be put out on test
12 because it didn't work."

13 And that is the answer to Mr. Lynch's question
14 of yesterday.

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1 Q Thank you, Professor Kayton.

2 Referring now to the examiner's action paper
3 145, which is in Plaintiff's Exhibit 415 -- the volume, your
4 Honor, with the single pink stripe --

5 THE WITNESS: One moment, please.

6 (Brief interruption)

7 BY MR. KATZ:

8 Q Referring to tab M, as in Mary, at Bates 124 --

9 A Just one moment, please. The problem I have is, my
10 index tabs are all wrinkled up now.

11 Q It's tab M as in Mary.

12 A I have it now.

13 Q Bates 124.

14 A Yes.

15 Q This is the paper that the examiner issued with the
16 20-some -- what was it -- 22 findings in support of the
17 patentability of the claims.

18 A Yes.

19 Q Mr. Lynch referred to finding number 1 and asked you
20 about the article quoting Ross Scheer, which referred to
21 technological skepticism, if you recall in his question.

22 You said that -- you said that the article
23 could refer to technological scepticism in the answer that
24 you gave.

25 You also said that finding number 1 was also

1 subject to the first full paragraph on Bates number -- Bates
2 page 126, which culminates the findings and which says that:

3 "From an evaluation of the substantial evi-

4 dence of record, the record would seem to support
5 a finding of unobviousness on the basis of what
6 actually did occur in the art and secondary con-
7 siderations set forth in the Graham case."

8 Now, Professor Kayton, would you list the
9 evidence in the re-issue record which supports directly the
10 statement in finding number 1 that there was widespread
11 scepticism in the industry?

12 A Yes. I am going to quote short excerpts from depositions
13 in the record where that is the case --

14 Excuse me, Mr. Lynch, I didn't see you.

15 MR. LYNCH: May it please the Court, your Honor.
16 The action says what it says. It cites only certain items
17 as basis.

18 For the witness to go through and imply what
19 the examiner meant by that, I regard as totally improper.
20 Whatever the record says, it says.

21 MR. KATZ: Your Honor,

22 THE COURT: Well, I'm going to sustain the objec-
23 tion. The cross examination related only to the comment made
24 regarding the Systems Engineering Today article.

25 I'm not going to go on an excursion through

1 the record to see what else there might have been by way of
2 scepticism in the industry.

3 MR. KATZ: There are specific references, your
4 Honor, in the record--

5 THE COURT: But the examiner didn't refer to that
6 in the thing that was inquired about on cross examination.

7 So I'm going to limit it to what was inquired
8 about on cross. Objection sustained.

9 If there's anything you want to argue from
10 down there at the lectern on this question, you may do so. You
11 can refer to the whole record.

12 But there's no point in having this witness
13 testify about it from the witness stand when he wasn't asked
14 about it on cross examination.

15 BY MR. KATZ:

16 Q Mr. Lynch also referred you to findings 14 and 17 which
17 state that the Delta Queen was successfully shown at the
18 October /November '74 MOA showing and at the April '75
19 Asilomar conference.

20 What evidence in the re-issue record explains
21 what the term "successfully" means.

22 MR. LYNCH: Your Honor, I object to that as well.

23 I don't know how this witness can construe it.
24 The record speaks for itself on that. These are the final
25 findings the examiner made.

1 MR. KATZ: Your Honor...

2 THE COURT: Well, except you asked him about the
3 specific findings, and I think it's fair to let him explain
4 how he interprets these findings.

5 MR. KATZ: Thank you, your Honor.

6 MR. LYNCH: There's all sorts of evidence on this
7 matter, your Honor--

8 MR. KATZ: It will only take a few minutes.

9 MR. LYNCH: -- unless we're going to go through
10 what defendants' and plaintiff's view of all that evidence is.

11 THE COURT: Well, it was opened up; it seems to me
12 it's fair game. Go ahead.

13 BY THE WITNESS:

14 A Yes, I can do that. And I have that collected in fair-
15 ly brief compass.

16 And there are short statements which I will
17 read. I will give the reference to them and then read them.

18 In Plaintiff's Exhibit 415, tab G, which is
19 official paper 79, Bates 77, at the bottom and continuing on
20 to 78, it says:

21
22 "In any event, after the critical date of
23 September 26, 1977 established by reissue appli-
24 cants, a totally different pinball machine was
25 modified."

Now, just to put it in a frame of reference,

1 your Honor, what they're talking about is what came after
2 El Toro, and they say:

3 "In fact, five different Delta Queens" --
4 which your Honor may recall were originally electromechanical
5 machines -- "were apparently modified, presumably in an
6 identical manner.

7 "Two were sent to the Chicago MOA convention
8 with at least one being put out into service under
9 controlled conditions in one of the hotel suites.
10 Another Delta Queen was later deposited at Frank's
11 Pizza location; and the remaining machines were
12 disposed of in an undisclosed manner.

13 "As to the Frank's Pizza machine, evidence
14 exists to show that it did not actually perform
15 as intended."

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Kayton - redirect

Now, in that context what I'm pointing out in relationship to the items is the "put into service under controlled conditions in a hotel suite."

Then further you may recollect we talked about Plaintiff's Exhibit 129 and 130, which were reports from Cyan group to Atari, Alcorn and Bristow, and in Plaintiff's Exhibit 129, talking about the Delta Queen pinball development.

And now it's of some importance to see the dates, February 7, 1975 and March 1975, dates after the Delta Queen went to the MOA show.

The Cyan research group said, as you may recall:

"The Delta Queen we have on location has some problems."

And then further on:

"We also have a stuck switch which put the machine out. Superflight, however, will be tolerant of stuck switches, we hope."

And then Plaintiff's Exhibit 130, similar report to the same people at Atari by Cyan on the pinball project:

"We pulled our Delta Queen off location this week and have conducted an autopsy. The machine has two inherent faults that make it unsuitable

1 for location."

2 And then the second one listed farther down

3 is:

4 "The software cannot cope with stuck switches,
5 so everything bombs when this happens. That often
6 leaves the machine in an unplayable state."

7 Then in the deposition of Mr. Bristow of

8 Atari -- and I guess I don't have -- yes, the Atari deposi-
9 tions are in Plaintiff's Exhibit 451, at page 82.

10 The question is asked of him:

11 "And what were those problems?"

12 "A - The Delta Queens were somewhat suscepti-
13 ble to static."

14 "Q Is that the same as noise?"

15 "A Like sparks to the door, which we wanted
16 to improve. They were very optimized system as
17 far as the least number of components and wires,
18 but this optimization made them difficult or more
19 difficult for the field personnel to understand."

20 Then on page 83, question of Mr. Bristow:

21 "And were instructions, any specific instruc-
22 tions given to the people at Cyan in Grass Valley
23 at that time as to how to proceed?"

24 "A I believe the main instruction was to
25 solve the static problem and make it easier to

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Kayton - redirect

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troubleshoot."

1 And then finally the deposition of Lawrence
2 Emmons, who was an officer of Cyan with Mr. Mayers, the
3 research group for Atari, on page 45:

5 "Q After the Delta Queen system was
6 completed, did you have any problems with lamps
7 burning out?

8 "A Yes, we did. But it was not because of
9 the multiplexing per se. It was because the
10 system would get latched up. It can turn a light
11 on at four times, three or four times its normal
12 rated power. Then, yes, it burns out very rapidly."

13 And then following on that page:

14 "Q Did the latching up, what caused it?

15 "A Usually it was a spike of static elec-
16 tricity.

17 "Q Noise?"

18 "A Noise, uh-huh.

19 "Q And did you encounter problems with the
20 El Toro with respect to noise?"
21

BY MR. KATZ:

Q Professor Kayton, did the examiner ever find that any
Delta Queen as modified by Atari was a reduction to practice?
A Never.

4
1 Q The examiner used the term "revamped," I believe, Delta
2 Queen in one of the findings.

3 A Yes.

4 Q What was there in the record to explain that?

5 A Well, that's what I referred to earlier.

6 Label Corporation. The Delta Queens were originally regular
7 electromechanical machines. The revamping was an attempt to
8 make them all electronic machines.

9 Q Professor Kayton, referring to the program, computer
10 program again, since you testified that the computer program
11 listing was filed as part of the patent application -- I
12 believe that was Plaintiff's Exhibit 436 -- was it necessary
13 to meet Patent Office practice to incorporate the program by
14 reference into the application?

15 A Well, as I said, it was in fact incorporated.

16 But if you're using the term "incorporate by
17 reference," the literal ipsis verbis, the answer is, no,
18 the practice did not require it.

19 Q Wasn't it filed as part of the application itself?

20 A It was literally filed as part of the application.

21 Q Now, I'd like to refer you again to the patent, reissue
22 patent, Plaintiff's Exhibit 3, in connection with Mr. Golden-
23 berg's testimony -- or questions -- I'm sorry -- concerning
24 where in the patent there is reference to the programs.

25 A Yes.

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Kayton - redirect

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1 Q And I haven't had a chance to go through it again
2 completely with respect to that, but I'd like to direct your
3 attention to column 9.

4 And in that column at the top it particularly
5 talks about the sequential logic unit and gives -- refers to
6 Intel Corporation of Santa Barbara, California, and particu-
7 larly identified in their Intel MCS 4 user's manual, et cetera,
8 but then going down to the line 17 --

9 A Yes.

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1 Q And right above it, I note that the sentence says:
2 "And play the game apparatus with appropriate
3 sub-routines for selected portions such as those
4 responsive to an interrupt input."

5 Based on the testimony of Dr. Schoeffler and
6 his discussion of the routines and sub-routines, would this
7 refer to the program?

8 A Well, the term "sub-routine" is a term of art in soft-
9 ware and programming.

10 And because of its juxtaposition to the Intel
11 Corporation Manual and Schoeffler's testimony, I assume that
12 sub-routine is a program sub-routine, but I cannot say that
13 for sure. I would assume that.

14 Q Going to, back to Plaintiff's Exhibit 415, the pink-
15 striped book, Mr. Goldenberg referred us to tab B which is
16 paper 46, and what he was talking about as Bates page 18,
17 actually he was talking about Bates pages 16 through 20, and
18 he asked if the examiner was saying in that part of the
19 material, that part of the action, that merely that if
20 certain amendments were made so that the claims recited a
21 pinball game, that would make the claims patentable. Do you
22 recall that testimony?

23 A Yes.

24 Q I'd like to refer you to Bates page 18 where the
25 examiner, in the lower third of the page, the examiner states:

"The new prior art submitted by protesters --"

1 and I can't --
2

3 Q Do you see Bates page 18?
4 A That's that separate small paragraph, is that right?

5 Q No.
6 A "The new prior art submitted by--"

7 Q Yes, "The new prior art submitted by protesters".
8 A That's a three-line paragraph.
9 Q Right.

10 "As evidence of obviousness presumably
11 under 35 USC 103 in Paper Number 41 has been con-
12 sidered by the examiner with the following effect."

13 A Yes.

14 Q Do you know what prior art is being referred to?
15 A I think that patent is the Burnside patent, is that
16 correct?

17 Q No, it is the, it is right below it, patent number
18 3,664,037, which is in fact the, I believe, the Montgomery
19 patent. This is dealing with the Montgomery and Budnick
20 patents that were submitted as new prior art by the
21 defendants.

22 A Yes, I remember. Those are the two that are the quiz
23 games.

24 Q Right. Now, the examiner says that he's considered it
25 with the following effect. Would you state from the state-

1 ment made on that page what effect he is speaking of, and
2 particularly in connection with the technological aspects
3 of that reference.

4 A Well, there is a long discussion of what it has and
5 then halfway through, he says:

6 "This teaching of those references lacks the
7 processor, programmings, signal storage means
8 and address means as recited in reissue applica-
9 tion claim 1. Moreover, even the multiplexing
10 arrangement of this reference differs from that
11 of the reissue claim. For instance, the multi-
12 plexing means of reissue application claim 1 is
13 required to signal the processor by enabling each
14 of the signal means in response to a sense con-
15 dition. To enable each of the plural displays
16 and to co-act with processor electronics as
17 stipulated in the last seven lines of Claim 1.
18 This type of relationship is absent from patent
19 number 3,664,037."

20 Q Would you continue on with respect to the next, the
21 second of the two references that the protester submitted?

22 A Well, on the next page, Bates 19, he refers to the
23 next one, patent 3,765,105, issued October 16, 1973.

24 "It is directed to a two-player audiovisual
25 question and answer instructional device, also

1 usable as a game, although a cyclically sequenced
2 matrix board for accepting and distributing input-
3 output data has been disclosed, the electronic
4 circuitry, i.e., processor and associated elements
5 for co-action therewith of reissue claim 1 still
6 absent from this teaching. Nor is there any in-
7 dication from this teaching that such an implement-
8 ation would have been obvious or desirable."

9 Q Could you continue? He continues on as to what they
10 disclosed. And what is missing from those references?

11 A Yes.

12 "The above teachings do disclose moving mass
13 type arcade games having matrix input-output
14 arrangements, the '037 patent, and having sequen-
15 tially and cyclically multiplex matrix arrange-
16 ments, the '105 patent. However, there is no
17 bridging prior art reference for teaching that it
18 would have been obvious to combine these two refer-
19 ences and to update these showings for processor
20 and associated electronic control in the manner of
21 reissue application Claim 1."

22 MR. GOLDENBERG:

23 Your Honor, I move that the
24 question and answer be stricken. My question to Professor
25 Kayton was directed to the examiner's statement on page 20,
 which had to do with the Sexton and Mehnke patents which the

1 examiner had used to reject the claims. It had nothing to do
2 at all with these two patents that we have been going on here
3 about for the past few minutes.

4 MR. KATZ: We are concluded, your Honor, but the
5 point here is that the examiner is outlining exactly the
6 kind of criteria that he is looking at in the text, and
7 the logical aspect of it, and this goes right into the
8 paragraphs that Mr. Goldenberg asked about on cross exam-
9 ination.

10 THE COURT: All right. Well, the witness is
11 finished now, so I will let it stand.

12 Thank you.

13 Q. Now, Mr. Katz, that the Alaris System
14 like was the type of system that you would expect
15 any new device using the same basic principles would you
16 please also describe? I think I covered most of the activities
17 and not enough time. I think you probably have mentioned
18 the oxygen sensors, the flow sensors, what can control
19 them, and so on. I think I covered most of the information
20 I think there is some other information
21 you might want to add.

22 A. Well, I think the one area of concern is the fact
23 that the oxygen sensors are not yet calibrated
24 accurately enough. I think the problem is that the
25 calibration is not yet accurate enough to make

stand 1 BY MR. KATZ:

2 Q Professor Kayton, is there a Patent Office, any Patent
3 Office policy with respect to the correction of typographical
4 and printing errors as placed on the examiner or any other
5 party within the Patent Office?

6 A MR. LYNCH: Your Honor, I don't believe there was
7 any cross examination on this certificate of correction.

8 MR. KATZ: I will strike the question.

9 THE COURT: All right.

10 BY MR. KATZ:

11 Q Professor Kayton, I'd like to ask you a hypothetical
12 question.

13 A Would you assume that the Atari Cyan activi-
14 ties was the prior art on which the claims were rejected dur-
15 ing the prosecution of the patent application; would you
16 assume also that the applicants proved that those activities
17 did not amount to a reduction to practice of the claimed
18 invention; and would you assume further that the examiner
19 considered a large number of references, other references,
20 but found that none anticipated or taught the claimed inven-
21 tion.

22 Now, with those assumptions, and in accord-
23 ance with the established practices for prosecuting patent
24 applications, would you expect to see any arguments by the
25 applicants going to how the claimed invention used hardware

Kayton - redirect

1 or software or any other particular thing for noise prevention
2 and immunity techniques to make an operable game as defined
3 by the claims?

4 A. Certainly not.

5 Q. Why is that?

6 A. If there is no prior art over which the claims must be
7 distinguished, there is nothing more to be done.

8 If the claims exist, define something which is
9 new, unobvious and useful, you get the patent.

10 And if El Toro and Cyan were not prior art,
11 commissioner is charged with issuing the patent without more.

12 Q. One other thing. With respect to yesterday's testimony,
13 we went through some of the sequences of the reissue pro-
14 ceeding.

15 A. Yes.

16 Q. Did you review your transcript of that?
17 A. Yes, I did.

18 Q. And did you find anything that wasn't correct on your
19 review?

20 A. Yes. A sequential order was incorrect. I had said that
21 the discussion on the subject of the program listing took place
22 between the examiner and the applicant and the protesters
23 after the Rule 56 proceeding. In fact, it took place before
24 the Rule 56 proceeding.

25 Q. What occurred after the Rule 56 proceeding?

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Kayton - redirect

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1 A. The patent was issued.

2 Q. Nothing else happened?

3 A. Nothing else happened. Well, the patent was issued;
4 that was a lot.

5 MR. KATZ: That's all I have, your Honor.

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MR. LYNCH: Only one question.

RE CROSS EXAMINATION

BY MR. LYNCH.

4 Q You quoted the findings of the commissioners, finding
5 17, Bates page 126 of Exhibit 415, that says:

"A revamped version of the Delta Queen was

successfully shown at the April, 1975 Asilomar conference."

Now, your testimony implied that "revamped" meant simply that an electromechanical game was turned into a computer game.

12 A That's correct, because there is no evidence that
13 anything else was done to any of those machines.
14 Q

14 Q There is no evidence, it is your position that anything
15 was done to that Delta Queen machine from the time of --
16 Frank's Pizza Parlor -- from the time of the MOA show to
17 the time of the Asst.

18 A I know of no other conference?

19 or no evidence in the record that, where anything was done.

Q It is your position that the first time they refer to
a Delta Queen, they said, "A Delta Queen, one of five iden-
tical devices," now, those five devices all had microprocess-
ors in them, correct?

A Yes.

Q So Claim 14 referred to five microprocessor-controlled

1 Delta Queen devices, correct?

2 A Yes.

3 Q And the second time when we referred to the Asilomar
4 conference, this is a revamped version of the Delta Queen;
5 what you are saying is the examiner was referring to the same
6 device?

7 A Yes, it is one of the revamped machines. There is
8 nothing in the record to indicate anything else. They were
9 all identical, the testimony went. No changes were made,
10 the testimony went. So that's all I know about.

11 MR. LYNCH: I have no further questions.

12 MR. GOLDENBERG: I have no questions, your Honor.

13 MR. TONE: Your Honor, we have some exhibits to
14 offer at this time.

15 THE COURT: You may stand down.

16 THE WITNESS: Thank you, your Honor.
(Witness excused.)

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exc.)
1 referred to MR. SCHNAYER: These particular exhibits were
2 from the testimony of Professor Kayton, 423, 417, 418, 413,
3 414, 415, 416-1, 416-2 and 457.

4 And, your Honor, with regard to 416-1, and
5 we also had volumes of 416 which were the same thing only
6 there were some underlinings lawyers made, we had included
7 the exhibits, the references which the defendants had indica-
8 ted they were relying on in the trial, they were the 17 or 18
9 exhibits.

10 We had submitted those only and elicited
11 testimony only to determine the relevance or lack thereof
12 with respect to the patentability of the invention.

13 And now the objection. We would like to object to them on the grounds
14 of hearsay, and also lack of foundation, for those particular
15 documents, because there is no foundation.

16 MR. TONE: Also, your Honor, they are being
17 offered in our case, which is, ordinarily it is their turn
18 after we have rested our case. I think Judges have varying
19 rules on that. I don't know how your Honor feels about it.

20 THE COURT: Well, have we had testimony about
21 those exhibits?

22 MR. LYNCH: Absolutely, your Honor. What they
23 are saying is because it is defendants' exhibit, I cannot
24 introduce it in their case at this time, at the close.
25 Now, I have assumed all along that when I

1 referred to defendants' exhibits, letters and the like, that
2 we decided to mark and the plaintiff didn't decide to mark,
3 that those would be received in evidence at the present time.

4 THE COURT: Well, give me an example of a particular
5 exhibit.

6 MR. LYNCH: PX-12-D, the Gary Stern, the letter
7 that I asked Mr. Stern about that went out to the distributor.
8 That is only marked as a defendants' exhibit. And I would
9 like to introduce it at this time. I didn't undertake, your
10 Honor, to introduce things at the end of each witness. I
11 thought I would save it all till the end.

12 I delivered a list to Mr. Tone a while ago,
13 and now the objection is being made that none of those exhibits
14 should be received until our case begins.

15 MR. TONE: That's the only point. Your Honor
16 follows whatever practice he follows. And if your Honor's
17 is, as at least in the State Court and in some Courts, that
18 the defendants' exhibits ought to be introduced in the defen-
19 dants' case, then we object to their introduction until that
20 time.

21 THE COURT: Well, to the extent that any exhibit
22 has been inquired about and a witness has given answers about
23 the exhibit, I would have to strike that witness' testimony
24 if I did not receive the exhibit in evidence at least to the
25 extent necessary to make the testimony meaningful, so without

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1 going down the list exhibit by exhibit, I am going to receive
2 into evidence all of the exhibits marked defendants' exhibits
3 about which there has been testimony during the plaintiff's
4 case. I will receive those at this time.

5 Similarly, my normal practice is to receive that during the defendants'
6 marked as a defense exhibit that has not been testified about
7 my normal practice is to receive that during the defendants'
8 case. And any such exhibits will not be received at this
9 time.

10 MR. TONE: Very well.

12-5 11 That's Scrutinized, for example, for the purpose of trial, not
12 that purpose.

13 So very much, your Honor, I would like to limit it on
14 that limited basis.

15 MR. KANE: Your Honor, I would like to add that to the
16 extent they were taken, I would like to add, I would like to
17 add, it was to summarize, to refresh the memory of the jury,
18 testimony to stand.

19 MR. KANE:
20 Take your time.

21 MR. O:

22 THEY ARE TAKING.

23 MR. TONE: Your Honor, I would like to add, I would like to add,
24 that I represent the plaintiff, and you'll notice
25

well 1 but for the MR. SCHNAYER: Your Honor, with respect to the prior
2 art reference, the exhibits of 17, if you are admitting it
3 into evidence, there has been no foundation. We object to
4 those. We offered them merely so that Professor Schoeffler
5 could testify about what effect they would have or if they
6 would have any effect on patentability.

7 MR. KATZ: It is essentially a predicate to the
8 testimony.

9 MR. SCHNAYER: And there are some articles that
10 have statements in there that are pure hearsay as to events
11 that occurred, for example, and they were not submitted for
12 that purpose.

13 So we would ask the Court, accept them on
14 that limited basis.

15 THE COURT: Well, I have to receive those to the
16 extent they were testified about by Professor Schoeffler. I
17 mean it would be unfair not to receive them and to allow his
18 testimony to stand.

19 MR. KATZ: Right, but just for the limited pur-
20 pose, your Honor.

21 MR. GOLDENBERG: They were plaintiff's exhibits,
22 they are talking about.

23 MR. LYNCH: Do I understand that?

24 which represent prior art, they were introduced --

25 MR. SCHNAYER: We are asking them to be accepted

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1 but for the limited purpose of Dr. Schoeffler's testimony.

2 MR. KATZ: Not, for example, not for the dates.

3 MR. SCHNAYER: Or for hearsay statements that

4 were made therein. What we had Dr. Schoeffler testify about
5 was what relevance they would have to the claimed invention.

6 That was the whole purpose he testified about, and there

7 has been no foundation specifically to the hearsay statements
8 in those documents, the authenticity of those documents, what
9 they would teach the person of ordinary skill in the art.

10 THE COURT: Isn't that the only thing they were
11 offered for anyway?

12 MR. GOLDENBERG: Yes. And I am misunderstanding
13 this thing about dates. You are not questioning, saying they
14 are talking about a patent or a publication?

15 MR. KATZ: No, but some of the documents were kind
16 of funny documents. They didn't have -- they weren't regular.

17 THE COURT: Excuse me, let's have one conversation
18 going on here at a time. The reporter will have difficulty
19 here.

20 MR. TONE: Sorry, your Honor.
21 MR. GOLDENBERG: Sorry.

22 MR. KATZ: Sorry.
23 or regular publications that had dates that were reliable.
24 They were, you know, some documents were, you know, there
25 was something from some Peninsular News, I think one of them

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had a pencil or date correction on it, things of that nature.
We didn't pay much -- we didn't address because we were just
looking to the subject matter as a foundation.

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MR. GOLD: I don't know if you have any questions.
They were different from the one I heard, I mean, and I
think by Dr. Bob Miller.

MR. KELLY: I think that's probably the best way to do it.
I mean, I think it's better to have a few people involved
in it, say, like a committee, than to have one person do it.
I mean, the other
I mean, the other

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MR. SCHAFFNER:

"NO, NO, NO!"

MR. KELLY: I mean, I think it's better to have a few people involved
in it, say, like a committee, than to have one person do it.
I mean, the other
I mean, the other

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1 THE COURT: I think Dr. Schoeffler assumed the
2 truth of everything in those documents that was pertinent
3 to the question of whether they would be prior art. And on
4 that basis, it seems to me, that they have been received for
5 the truth of what they assert.

6 Now, if there's anything in those documents
7 that's extraneous to the question of whether they stand for
8 prior art, they weren't offered for that purpose. I didn't
9 receive them for that purpose.

10 MR. GOLDENBERG: I think that's satisfactory,
11 Judge. They were offered for prior art and were discussed as
12 such by Dr. Schoeffler.

13 MR. KATZ: For example, when the examiner looks at
14 a reference in the Patent Office, he looks -- he takes it for
15 what it says, and that's it. Whether it's true or not --
16 whether the document is true or not, it says what it says,
17 and he takes that --

18 MR. SCHNAYER: To determine what --

19 MR. KATZ: -- to determine at least somebody said
20 that in a printed document as of that time.

21 And it was in that way --

22 THE COURT: It has to be taken as true. Otherwise
23 it has no relevance to the question of prior art. I mean,
24 you can't say, "We deny this" --

25 MR. KATZ: Your Honor, let me see if I can make a

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1 point --

2 THE COURT: -- on the one hand, and then say "We're
3 going to go ahead and consider it as being true for purposes
4 of the prior art" on the other.

5 MR. KATZ: May I just address that a moment.

6 It is true that the document says what it
7 says. But whether the statement is -- for example, if a
8 document says that Bally had a microprocessor pinball machine
9 in 1847, the document certainly says that.

10 THE COURT: You undertook, Mr. Katz, to disprove
11 in your case the proposition that there is prior art which
12 anticipates this patent.

13 Now, having undertaken to do that, I look
14 at the evidence that you've produced.

15 If you wanted to disprove something that you
16 haven't disproved, I don't know what to do about that.

17 MR. KATZ: Well, what I'm saying is that we
18 didn't address every statement in the documents; that there
19 were some documents that were pure hearsay, some particular
20 reporter wrote something in a newspaper and it wasn't true.

21 THE COURT: Well, we didn't go through the thing
22 and flyspeck each piece of paper at the time Dr. Schoeffler
23 was testifying about these documents. I think it's too late
24 to do so now.

25 I think, frankly, the way these cases

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1 ought to be tried is that the plaintiff ought not to try
2 to anticipate the defendant's case during the plaintiff's
3 case.

4 But the plaintiffs in these cases seem to
5 want to do that. You wanted to do it here. We let you do
6 it. But in doing it, perhaps you caused yourself the problems
7 that you're mentioning now.

8 I don't know whether they're significant or
9 not. But I don't think we can unravel at this juncture what
10 has been done.

11 So to the extent that my ruling is clear,
12 that's my ruling.

13 All right. Now, are there any other documents
14 that anybody's offering?

15 MS. SIGEL: Yes, there are some additional exhibits,
16 your Honor.

17 I have here the typewritten list of exhibits,
18 which are either stipulated certified copies which have been
19 mentioned during the trial but have not been formally
20 offered, as well as a number of deposition designations and
21 reference exhibits in there, as well as a list of documents,
22 plaintiff's exhibits from either Rockwell files, Williams
23 files, Gottlieb files. And those exhibits we are also
24 offering here.

25

here.

THE COURT: Very well. What is the exhibit number of your list? Let's give that an exhibit number, and then I'll just simply rule that all of the exhibits listed on that exhibit are received.

MS. SIGEL: PX488.

MR. KATZ: Okay.

THE COURT: Very well. Now, is there any objection to any exhibit on that list that we haven't dealt with previously?

MR. LYNCH: I don't believe so, your Honor.

THE COURT: All right. Then everything on that list is received.

MR. LYNCH: I just saw some of the list this morning. But subject to that, I don't have any objection.

THE COURT: If you discover anything on it that we haven't discussed, I'll take it up.

(Exhibits listed on Plaintiff's Ex. 488 were received into evidence.)

MS. SIGEL: Your Honor, for the deposition designations, the defendants have made counter-designations for almost all of them.

We're of course submitting these designations with the understanding that if the defendants care to make counter-designations, those will be coming in also.

MR. LYNCH: Your Honor, I have a list of documents

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1 that were defendants' exhibits -- the documents that are
2 defendants' exhibits that were referred to in the case, only
3 the ones that were referred to expressly and including my
4 charts, your Honor.

5 I would like to move these into evidence at
6 the present time.

7 MR. SCHNAYER: And I would like to make an objec-
8 tion to certain ones of those.

9 THE COURT: All right.

10 MR. SCHNAYER: 3H, on the ground of hearsay, --

11 THE COURT: Excuse me. What was 3H?

12 MS. SIGEL: Here it is. It's a Mirco letter to
13 Nutting dated August 29, 1975.

14 THE COURT: That was the one complaining about
15 the practice?

16 MS. SIGEL: Problems with the practice.

17 MR. LYNCH: Prototype doesn't work, the software
18 doesn't work.

19 THE COURT: That was a defendants' exhibit.

20 MS. SIGEL: Yes.

21 MR. LYNCH: That is a defendants' exhibit, your
22 Honor. And this is what occurred. This is what Nutting
23 received at the time, and there were -- there was other
24 correspondence with him, and he was examined about it.

25 THE COURT: Well, it seems to me that's a defense

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1 exhibit, though. No one in the plaintiff's case admitted
2 the truth of those statements in that letter, did they?

3 MR. LYNCH: Well, but commercial success is an--

4 THE COURT: I know it's an issue.

5 MR. LYNCH: That will be fine, your Honor.

6 THE COURT: But no one in the plaintiff's case
7 adopted that letter as, for instance, Dr. Schoeffler did when
8 he talked about the prior art.

9 MS. SIGEL: As a matter of fact, your Honor, I
10 think Mr. Nutting expressly disavowed some of it.

11 THE COURT: It seems to me he did.

12 MR. GOLDENBERG: I think he admitted he received
13 the letter.

14 THE COURT: He received it, but it would probably
15 be admissible as a business record in the defense case. I
16 don't think you'd have to call the author of the letter.
17 It's pretty clearly a business record, or a letter written in
18 the ordinary course of business.

19 I don't think that this is the time to receive
20 it. I think it's part of the defense case.

21 MR. SCHNAYER: The next exhibit is 8A, which was
22 a Bally Alley block diagram which the witness said he didn't
23 recognize at all. There was absolutely no foundation for
24 that document, and therefore we --

25 MR. LYNCH: It's a Bally document, your Honor.

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1 MR. SCHNAYER: It was a block diagram which was
2 drawn by somebody, and -- it was not a Bally document. It
3 was just a big chart.

4 MR. LYNCH: That's fine.

5 MR. SCHNAYER: There was absolutely no foundation
6 for that.

7 THE COURT: All right. That will not be received
8 at this time.

9 MR. SCHNAYER: 12E was a Replay Magazine article
10 dated 9/78, and we object to that for lack of foundation and
11 hearsay.

12 The witness did not testify that he was
13 aware of the one that they tried to show that, that he was--
14 that that was actually published or what was said in that
15 article.

16 MR. LYNCH: Is that the one that Mr. Nieman was
17 quoted in?

18 MR. SCHNAYER: No.

19 MR. GOLDENBERG: Mr. Nieman did testify, Judge,
20 with respect to Replay Magazine. It was a publication gener-
21 ally accepted in the trade.

22 And you may recall it was on the basis of
23 that kind of testimony you received this survey information.
24 And this is a very comparable magazine.
25 MR. LYNCH: It's a Bally advertisement, your

Honor.

1 MR. GOLDENBERG: It's a Bally advertisement.
2 I wasn't aware of that. Surely that's admissible.

3 MR. KATZ: What it is, it's a copy from something.

4 THE COURT: Let me see it. I don't remember it.

5 MR. KATZ: There's no identification of its source.

6 THE COURT: Well, I think it's a self-authentica-
7 ting document.

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MR. KATZ: Does it have a date?

2 MR. TONE: We don't dispute authenticity, your
3 Honor, if that's the point.

4 THE COURT: What is the relevance of it? What does
5 it say?

6 MR. LYNCH: Right now, your Honor -- there's a por-
7 tion underlined, but I think it had to do with the -- if I may
8 your Honor -- the vertical integration being the competitive
9 edge. It says -- Mr. Nieman was examined about this --

10 "This vertical integration is a competitive
11 edge that accounted for Bally's market lead on
12 major competitive pin manufacturers. It meant
13 tens of thousands of electronic pinball machines
14 off our assembly line before anyone else's."

15 It was the idea that one of the reasons that
16 their sales soared was not just the patent, but also perhaps
17 other things, this vertical integration that enabled them to
18 send machines out the door to their own arcades and the like.

19 Mr. Nieman was examined about this very
20 document. It is a Bally ad.

21 MR. TONE: Your Honor, we don't have any question
22 about authenticity. That seems not to have a date on it.
23 I'm sure the defendants can supply the date
24 from the original from which that was Xeroxed, and all we
25 need is a date. And if the date is supplied, we have no

1 objection.

2 MR. LYNCH: I can do that eventually, your Honor.

3 THE COURT: All right, I'll receive it subject to
4 your supplying the date.

5 (Said document was thereupon received into evidence
6 as Defendants' Exhibit 12E.)

7 MR. SCHNAYER: 12-F was a Bally -- it was a Wall
8 Street Journal article. We object to that on hearsay. There
9 was absolutely no testimony. No witness was familiar with
10 the statements contained in there.

11 MR. LYNCH: It is a Wall Street Journal article
12 about the issuance of the Bracha patent, which came out after
13 the Bracha press notice, that said: "We've got this second
14 patent that covers all our pin games" came out.

15 MR. KATZ: It was not quoting any press release.

16 MR. LYNCH: We'll withdraw it for now, your
17 Honor.

18 THE COURT: All right.

19 MR. SCHNAYER: 12-BB, which was the Replay article
20 from Tom Nieman. He testified about portions of that article.
21 Other portions he didn't testify about.

22 I don't believe he even stated that the
23 statements in the article were accurate.

24 And we would not want those to be taken as
25 accurate. We object to that as hearsay and lack of foundation.

1 THE COURT: Well, I think the whole document goes
2 in to the extent it's relevant.

3 MR. LYNCH: He was quoted, your Honor.

4 THE COURT: If it's reliable for one purpose, it
5 ought to be reliable for another. And I'll consider it for
6 anything that relates to the testimony of the witness or to the
7 context of what it was offered for by the plaintiff.

8 In other words, the rule of completeness.
9 I'll receive it under that rule.

10 (Said exhibit was thereupon received into evidence
11 as Defendants' Exhibit 12BB.)

12 MR. SCHNAYER: Then 16-B, 16-E, and 16-J.
13 16-B is MCI Board of Directors' minutes dated
14 12-20-73.

15 I don't believe there's any testimony on that
16 document, nor is there any testimony that authenticates it as
17 a business record.

18 MR. TONE: Well, as far as its being a business
19 record, if it's a copy of the -- if it is a board of directors'
20 minutes, we'll stipulate it's a business record.

21 That part of it I don't think we meant to
22 assert as an objection.

23 MR. SCHNAYER: Then I guess the same would apply--
24 THE COURT: Who testified about it?

25 MR. LYNCH: Nutting, your Honor. And in one of

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1 them he may not have been there, but it was to illustrate
2 the progress of what was going on at MCI at the time.

3 And I think, your Honor, that is clearly a
4 business record.

5 MCI's material, the only time I can get it in
6 is with Mr. Nutting.

7 MR. SCHNAYER: I don't believe there was any
8 testimony at all by Nutting on that document.

9 MR. LYNCH: He wasn't there at that particular
10 instance, but that doesn't mean it isn't admissible, your
11 Honor.

12 MR. SCHNAYER: There's nobody -- well, there's
13 nobody who even authenticated that as being what it is.

14 MR. GOLDENBERG: Mr. Nutting signed it as one --
15 16-E -- as a member of the board of directors.

16 MR. SCHNAYER: 16-B I'm talking about.

17 The last one, 16-J, is just a letter, a memo
18 from John Hazelwood about some meeting that occurred. And
19 particularly we also object to that as lack of foundation and
20 hearsay.

21 MR. GOLDENBERG: Your Honor, this MCI, of course, is
22 the company that Nutting and Frederiksen were working with
23 and for during the period that they commenced the work that
24 led up to the patent.

25 It does seem to me that these are records

5 1 this company kept, and I don't know what could be a more
6 2 usual business record.

3 THE COURT: Well, Mr. Tone indicates that there's
4 no objection on that ground.

5 It's really just a question of timing here,
6 whether it should be received now or as part of the defendants'
7 case.

8 It seems to me it's probably sufficiently
9 related to the testimony of Nutting that I should receive
10 it at this point. So I'll receive that document at this
11 point.

12 (Said exhibit was thereupon received into evidence
13 as Defendants' Exhibits 12 B, E, & J.)
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1 MR. SCHNAYER: The other article, the last one, is
2 21A, which was an Intel advertisement.

3 It is what it purports to be, but if there are
4 statements made in there, we would object to those as being
5 hearsay type statements, and would not want it to be --those
6 statements to be taken to be the truth of the facts asserted
7 in that advertisement.

8 MR. LYNCH; Schoeffler testified about it, your
9 Honor. It's a pretty--

10 MR. KATZ: On cross examination.

11 MR. SCHNAYER: On cross examination.

12 MR. KATZ: It was put to Dr. Schoeffler, and he
13 was asked questions about it on cross.

14 THE COURT: Well, I will receive it so that his
15 testimony about it is understandable.

16 But if it contains any statements going be-
17 yond his testimony or beyond what is necessary to understand
18 his testimony, I won't receive it for that at this point.

19 MR. KATZ: Okay. Thank you, your Honor.

20 MR. TONE: We have one short witness to authenticate
21 one document, who came here from Bally, who's in the court-
22 room.

23 MR. LYNCH: Your Honor, if I just may finish this.

24 I don't know if 423, the Bracha file wrapper,
25 has been introduced by plaintiffs. I just want to be cer-

1 tain that that is introduced.

2 MS. SIGEL: It has been. Jerry did it right in
3 the beginning.

4 MR. LYNCH: Then is my understanding correct that,
5 subject to the ones on which the Court has ruled, everything
6 on this letter is otherwise unobjectionable?

7 MS. SIGEL: The only question is, we haven't
8 formally discussed 4CC.

9 MR. TONE: If 4CC is the document which you
10 discussed with Mr. Mathias, Mr. Lynch, and if Mr. Mathias
11 agreed that it could come in, that you could offer it during
12 our case and we would not object -- you say that is what he
13 agreed to -- I accept that representation, and we do not
14 object.

15 MR. LYNCH: It is a document written by a Mr.
16 Telnaes, your Honor.

17 Plaintiff called me during one of the re-
18 cesses and said, "Do we have to bring Mr. Telnaes from
19 Hackensack, New Jersey, to authenticate this document?"

20 I said, "No, if I can get certain documents
21 in, also."

22 And I don't know if we specifically discussed
23 in which case. But I certainly meant that I wanted these
24 other documents read in the light of the documents that were
25 being admitted.

1 And that is the situation. That was my
2 understanding of the agreement, that if Mr. Telnaes came that
3 Mr. Telnaes -- didn't come, then Mr. Telnaes' other memos
4 would also be admitted at the same time.

5 MR. TONE: We do not object to its admission at
6 this time.

7 MR. LYNCH: But otherwise, then, do I understand
8 that the remainder, other than the Court's ruling, other
9 than the ones that the Court has expressly ruled on, the
10 other documents on this letter to Ms. Sigel are admitted?

11 MS. SIGEL: Yes, I think that's right. Yes.

12 THE COURT: All right.

13 MR. LYNCH: Can I mark this as something? I'll
14 mark it as Defendant's Exhibit 100.

15 THE COURT: All right. And 100 is what?

16 MR. LYNCH: It's just a letter that lists all
17 other exhibits to which there is no objection.

18 THE COURT: All right. And those are all received.
19 The exhibits on Defendant's Exhibit 100 are all received.

20 MR. LYNCH: Subject to the Court's ruling which
21 said some of them would not be.
(Defendants' Exhibit 100 Exhibits were admitted into evidence as above.)

22 THE COURT: Yes. All right.

23 MR. TONE: Your Honor, apparently there is a need
24 for authentication of a document.

25 I had thought that was all resolved.

1 We have a witness here. Shouldn't take a
2 minute.

3 THE COURT: All right, go ahead.

4 (Brief interruption)

5 THE COURT: Mr. Lynch says he's not even aware of
6 what this is.

7 MR. LYNCH: I told John yesterday, fine.

8 MR. TONE: Mr. Katz and Mr. Schnayer misunderstood,
9 so apparently we don't need to do that.

10 MR. KATZ: I thought there was an objection yester-
11 day when it was--

12 MR. SCHNAYER: We will offer into the record
13 Plaintiff's Exhibit 375.

14 THE COURT: All right, that's received.

15 (Plaintiff's Exhibit 375 was received in evidence.)

16 MR. SCHNAYER: Thank you, your Honor.

17 MR. TONE: Your Honor, may we -- perhaps I'm
18 premature. Your Honor may have been intending to raise it--
19 but may we talk about scheduling now?

20 THE COURT: Yes. Well--

21 MR. GOLDENBERG: Well, does plaintiff rest?

22 THE COURT: Does the plaintiff rest?

23 MR. TONE: The plaintiff rests.

24 THE COURT: All right. Now here's what I'd like
25 to do.

1 I'd like to argue tomorrow on defendants'
2 motion at the close of the plaintiff's case. And here's
3 what I suggest:

4 The question of anticipation by prior art
5 is something that is not ripe for decision. I'm sure that
6 the defense has further evidence to present on these various
7 items of prior art, and there is, it seems to me, a factual
8 issue that would prevent the Court granting defendants'
9 motion at the close of the plaintiff's case on any of the
10 prior art.

11 MR. GOLDENBERG: When your Honor speaks -- I'm
12 sorry. I apologize.

13 THE COURT: And therefore I suggest that we not
14 engage in what I predict will be a waste of time in arguing
15 specific items of prior art.

16 Now, what I would like your help on, however,
17 is the question of whether there is a broader question of
18 novelty, not limited to the precise matter of anticipation by
19 specific items of prior art.

20 Now, as I understand anticipation, it has to
21 be a particular device or machine that in every respect anti-
22 cipates the claims of the patent in suit.

1 What seems to me to be presented here at the
2 close of the plaintiff's case is a question of whether the
3 state of technology as it existed in 1974 was such that the
4 particular application of that technology made by Frederiksen
5 in this invention cannot be considered to be novel.

6 Now, I don't know whether there is such an
7 issue in patent law. But if there ever were a case that
8 raises it, it seems to me that this case does.

9 Now, the second question is, of course, that
10 of obviousness. I want to hear argument on the second ques-
11 tion, of obviousness.

12 And maybe there are only two questions, A --
13 or rather, 1, specific anticipation; or 2, obviousness.
14 Maybe there is no middle ground such as I had suggested.

15 And don't let my suggestion send you off on
16 any wild goose chase. If I am wrong in thinking that there
17 may be such an animal, don't waste any time on it.

18 So, I want to hear you at length and if
19 necessary we will take all day on that tomorrow. I will
20 reserve the day for it. And let's start off with the de-
21 fendants and then I will hear the reply of the plaintiff in
22 rebuttal and if necessary, sur-rebuttal.

23 MR. TONE: Does your Honor have any view as to
24 how much time ought to be allocated through the day for each
25 side?

1 THE COURT: I will give you whatever time you need.
2 I would think a couple hours for the defense and a couple
3 hours for the plaintiff and the balance of the day back and
4 forth.

5 MR. GOLDENBERG: I would advise the Court and the
6 plaintiff that it was our thinking and our intention to also
7 move for judgment on the ground that the plaintiff has
8 failed to prove infringement by a preponderance of the
9 evidence.

10 THE COURT: That I meant to mention and I will
11 now.

12 It seems to me that that is in almost the same
13 posture as the question of specific anticipation. I just
14 don't think I have heard enough here on the question of in-
15 fringement to be able to do other than deny a motion at the
16 close of the plaintiff's case.

17 MR. GOLDENBERG: Then I think --

18 THE COURT: Now, I might be wrong about that.
19 Maybe you can point out to me things I have overlooked. I
20 don't pretend to have comprehended all of the complexities
21 of the technology in this case.

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1 MR. LYNCH: Your Honor, it seems to me one of the
2 areas of significance here is precisely what these games mean.
3 We would like to also be able to address that.

4 THE COURT: It seems to me that goes to the question
5 of obviousness.

6 MR. LYNCH: Well, sometimes if you move it too
7 much in this way to avoid obviousness, you might move right
8 off Cleopatra and the other games. I think that's --

9 THE COURT: Well, in telling you what I think the
10 issues are at this point, I don't mean that I won't allow you
11 to argue anything else you want to argue. I will. But I just
12 wanted to tell you in advance, I see the issue, primary issue,
13 is that of obviousness. And as I say, it seems to me that
14 there might be some kind of a novelty question that exists
15 apart from obviousness question and apart from the question of
16 specific anticipation.

17 MR. GOLDENBERG: I would also advise you that we
18 do believe we have reason to move and will move for a holding
19 of invalidity under the failure to comply with the provi-
20 sions of Section 112 of the invention.

21 THE COURT: Here's what I think the plaintiff
22 ought to do, is to move for everything you think you are
23 entitled to. Because if I happen to hold in your favor on
24 one ground, you are entitled to argue on appeal that I should
25 have done something else on another ground.

1 MR. GOLDENBERG: I thought while we were discussing
2 it --

3 THE COURT: And whatever there is by way of a
4 counterpart for the defendant, the same thing applies --

5 MR. KATZ: The plaintiff.

6 THE COURT: -- the plaintiff, the same thing
7 applies.

8 MR. KATZ: Your Honor, could we as a matter of
9 starting point, I believe based on Mr. Goldenberg's earlier
10 remarks that he would agree that there isn't any disagreement
11 that under the present, under the law stated by the new
12 Federal Circuit, that the defendants have the burden of proof
13 by clear and convincing evidence to overcome the presumption
14 of validity that is attached from the Patent Office, and that
15 the plaintiff's burden on infringement is by preponderance of
16 the evidence.

17 MR. GOLDENBERG: Your Honor, I think the argument
18 is scheduled to start tomorrow. I think the question --

19 THE COURT: We can cover the burden of proof and
20 the quantum proof tomorrow, along with the other points.

21 All right. Why don't we try to get started --
22 well, I've got another thing at 9:45. Let me ask you, how
23 long do defense counsel anticipate their arguments will take?

1 MR. LYNCH: It certainly probably would be in
2 excess of an hour. If the Court would prefer to get a
3 capsule and then proceed with about an hour, and then an
4 hour, and then use, then, --

5 THE COURT: That would probably be better. I
6 would suggest that rather than going into exhaustive detail
7 about all of the exhibits and the various parts of the
8 apparatus that you state in general, but I will leave that
9 up to you. I think you are far better able to judge what
10 I should hear than I am at this point.

11 MR. KATZ: Your Honor, one other item.

12 On March 13, the defendants had served us with
13 another Section 282 notice, with some more references, and
14 they have given us some copies. But they are related to
15 some other prior art.

16 In order to contain this motion, I trust that
17 since we haven't gotten into any of this prior art, first of
18 all, the plaintiffs would move to strike this Section 282
19 as not complying with Section 282; but more importantly, I
20 think we shouldn't have to start to deal with it now after
21 essentially our case has come to a close with new prior art
22 that they brought up.

23 THE COURT: We are not going to talk about anything
24 we haven't discussed.

25 MR. LYNCH: Absolutely.

1 MR. TONE: May I approach the Court with Mr.
2 Lynch and Mr. Goldenberg on a personal matter?

3 THE COURT: Yes.

4 MR. TONE: We don't need the reporter.

5 (Discussion off the record at sidebar.)

6 (The following proceedings were had in open court:)

7 THE COURT: All right. Then I will see you at
8 ten o'clock tomorrow morning.

9 MR. SCHNAYER: Do you know your schedule, your
10 Honor, for after this week?

11 THE COURT: Yes. I am going to be in Mexico
12 next week.

13 MR. SCHNAYER: After that.

14 THE COURT: When I come back, I've got a criminal
15 case, to be followed by another criminal case.

16 MR. SCHNAYER: Do you know what the chances are of
17 us, when we will be resuming?

18 THE COURT: I would say that if the case is re-
19 sumed, it would not be until mid-April, mid-April. I don't
20 see how we could resume it before then. But we can talk
21 about that specifically tomorrow.

22 MR. SCHNAYER: Thank you, your Honor.

23 MR. GOLDENBERG: Thank you, your Honor.

24 MR. TONE: Thank you, your Honor.

25 (Court adjourned until 10:00 a.m. of the following day.)